WAVES OF CHANGE

GLOBALISATION AND SEAFARING LABOUR MARKETS

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CHAPTER 1

Prologue

If seafarers were some of the world's original storytellers centuries ago, conveying stories of far-flung travel, exotic adventure, hardship and the capriciousness of life at sea, then what stories do the life and work of modern seafarers tell us? They tell us stories of contemporary globalisation, new technology, organised labour, global labour markets and the nature of the modern state. It is these modern tales that I hope to share in this book. The largest labour market restructuring event since the industrial revolution began in the global labour market for merchant marine seafarers during the early 1970s. Yet, little is known about this event outside maritime, scholarly and shipping circles. As someone born and raised in a port city – the biggest port in Africa – it was something that escaped my attention, both as Durbanite and as a scholar. If I had not embarked on an investigation into seafaring labour markets and the nature of the shipping industry as part of an academic endeavour in 2001, the nature of global seafaring labour markets would, most likely, still be invisible and thus unimportant to me.

This invisibility of the contemporary shipping industry and its labour markets continues in the popular imagination. Given that over 90% of all goods imported and exported throughout the world (including South Africa) are transported by cargo ships (George 2013), the lack of knowledge or understanding of seafaring labour markets is extraordinary. Almost everything we interact with on a daily basis has arrived by ship. The cars we drive and the cutlery we use would probably not be part of our lives without a shipping industry. Shipping, even after centuries, continues to be the lifeblood of trade. It is not hyperbole to claim, as does the International Chamber of Shipping, that without a global commercial shipping industry, half the world would starve and the other half would freeze.[1] At any one time, there are 20 million shipping containers in the world, moving goods somewhere on the planet (George 2013). Typically, in distance, a container ship sails almost to the moon and back in one year during its regular travel across the oceans. The invention of the humble container that made container shipping possible in the 1970s is akin in profundity to the invention of the jet engine or development of the micro computer chip. It has revolutionised the way global trade takes place yet elicits barely a shrug amongst most people. Despite these facts and the increasing engineering marvels that modern-day cargo ships have become, our engagement and knowledge with, and of, this industry beyond specialist circles is weak.

Aviation on the other hand has captured our collective imagination, serving as shorthand for globalising processes. From smartly dressed pilots to elegantly put-together flight crew, commercial aviation presents a certain glamour (despite the economy class seating) and immediacy that commercial shipping does not. By immediacy I mean airports are located, in most cases, near urban areas; access to and inside airports is relatively easy (except actual boarding areas) and most of us, whether we live in a rural or urban area, port city or land-locked country, have seen an aeroplane flying overhead. It is quite improbable that anyone has seen a cargo ship flying overhead. So, we identify more with commercial aviation as shorthand for globalisation, as a pathway to attractive careers – and I would argue that most children and a good few adults would suggest that the bulk of the world's trade occurs through aviation. They would, of course, be wrong.

Ports worldwide (especially since the 11 September 2001 terrorist attacks in the United States) are becoming heavily restricted to public entry; cargo ships, often behemoth in size, can sometimes be viewed from public access areas (as is the case in Durban and Cape Town) but these are limited to residents or visitors to these cities. From my experience, sailors tend to occupy two spaces in the popular discourse. They are either the bearded, grumpy, wooden-legged, salty sea captains (think, *Boys Own* maritime adventure story meets Captain Ahab from Melville's *Moby Dick*), or they are a carousing, unskilled, rabble-rousing bunch who couldn't get any other job. Perhaps popular media is to blame for these stereotypes (think of the *Pirates of the Caribbean* film series), or maybe recent events in contemporary piracy itself (the case of Somali pirates) have contributed to perceptions of the industry. The truth is that modern-day mariners on commercial vessels have to be highly trained, with most holding postsecondary qualifications. Even at the lower-skilled levels, able-bodied seamen or ratings, as non-officers are termed, on commercial vessels are expected to complete two to three years of training. Both officers and ratings are highly paid relative to shore-based occupations. This income is often tax-free as well. Seafaring has, since 1978, become a regulated profession akin to professions in other sectors such as education, aviation and medicine. It is therefore always surprising to me that there is so little awareness of the career trajectories, employment possibilities and labour market machinations of commercial shipping.

My own story and the genesis of this book reflects a journey from ignorance of commercial shipping and its attendant labour markets, to becoming extremely knowledgeable about these matters. In 2001, I received funding to do research for my master's thesis on South African seafarer training and development issues. It was the only strategy available for me to fund and complete my studies. I had no inherent interest in shipping or seafarers. My knowledge of seafarers was limited to popular culture representations of sailors. To my mind, sailors were a group of men (popular culture rarely if ever presents women as seafarers) working in an homogenous shipping industry: the navy, cruise liners, military and cargo ships all blurred into one industry. I remember feeling disappointed and a little irritated that I couldn't do work on aviation (which I knew much more about). Doing work on aviation would also somehow validate my childhood dream to become a pilot.

However, as I became immersed in both the scholarly reading and the fieldwork (interviews, meetings, tours of the ports and ships) it seemed to me that commercial shipping was quite

distinct from the navy, cruise shipping and commercial fishing industries. Not only was it distinct, but the story of the reconfigurations of its attendant labour markets was, really, a fascinating account of how global capitalist processes along with organised labour and state institutions have reshaped the working lives of over a million seafarers who service the industry. In a South African context, not much was written in a scholarly way about seafarers (South African seafarers, or seafarers of other nationalities), and what became a utilitarian exercise to achieve a degree quickly, developed into an attempt to understand the puzzle of global seafaring labour markets. I also realised that as academics involved in understanding labour issues, we were quite the landlubbers. Landlubbers is a pejorative term used to describe people with no knowledge of the sea or life at sea. In our typical landlubber way, we had rendered invisible over a million people who work at sea on commercial vessels.

If my master's focused on the South African case, then my doctorate (from 2004 to 2008) would focus on comparative national cases. My PhD examined the case of Filipino, South African and British seafarers. Essentially, I was interested in how these national labour markets, after interacting with globalising processes, developed their present characteristics. South Africa and Britain saw a decimation of their seafaring labour markets, and the Philippines became positioned as chief supplier of seafaring labour. The cases of South Africa and the Philippines, however, are for me the most fascinating. Not only do they allow for a comparison of two developing countries, both former colonies – of Britain and the United States, respectively – but in a sense, they also represent two extreme cases. The Philippines has become a global supplier of seafarers, par excellence, and South Africa is ambitiously attempting to pursue similar strategies.

This book draws on interviews with various key informants done for my PhD. These include South African and Filipino maritime officials, shipping company representatives and union officials. The interviews were conducted between 2003 and 2008. They were followed up with a new set of interviews conducted in the Philippines and South Africa in 2013. The 2013 interviews were conducted with the same maritime agencies (though often different individuals, given the passage of time). The rationale for the 2013 interviews was to assess what, if anything, had changed and what had remained the same in the intervening years. Information from the interviews informs a large part of this book. Secondary data is used to confirm (or not) the claims made by interviewees. In cases where quotes are given, the interviews are footnoted. Given the cyclical nature of shipping, I have tried to include the most recent developments in the industry, but the reader should be aware these are subject to almost monthly changes. I have therefore identified trends in the industry as well as historical context in the chapters that follow.

National Development Plan

The 2013 interviews served as a catalyst for me thinking more broadly about how the global commercial shipping industry could potentially serve as a source of employment for South African seafarers and therefore contribute to reducing unemployment levels in the country. This view resonated with the South African government's own view that the maritime sector including commercial shipping, potentially, can serve as source of employment and eco-

nomic growth. The most cohesive policy intervention at a national level that speaks to both economic and employment growth is the National Planning Commission's 2011 National Development Plan 2030 (NDP). Whilst the maritime sector is not mentioned specifically in the NDP as an area of focus, there are two potential areas to which commercial shipping can contribute. The first is raising employment through faster economic growth. To this end, the South African state (as we shall see in detail in the chapters that follow) has been making a number of interventions in the national maritime sector to facilitate growth and employment in the sector. This includes changes to shipping fiscal policy as well as attempts to address the human resource development and employment of South African seafarers. This contribution is intertwined with the second contribution, which is targeted at improving the quality of education and skills development in South Africa. As the book shows, there is a renewed interest from the state to provide quality training of South African seafarers so that they can compete and participate in the global labour market for seafarers. It remains to be seen, given the global regulation of seafarer training, whether such national initiatives will create new jobs in exponential amounts; there are signs of growth in the number of South African seafarers over the last decade. Even if the desired number of tens of thousands of seafaring jobs for South Africans are not realised, the state's current interventions in the maritime sector is creating a national maritime culture, increasing career awareness of jobs at sea and potentially repositioning South Africa, once again, as a ship-owning nation. Whilst these ambitions are not without challenges, I can confidently say that after years of observing neglect of commercial shipping and seafarers at government level, maritime human resource development issues are now an important part of the national policy landscape.

Apart from the nod to potential job creation possibilities in South Africa, my hope is that I have contributed to South African labour studies. I don't mean this in a pretentious academic way but, rather, would like this book to show that globalisation is a complex process that is not only determined by capital or capitalist interests. Whilst changes in the shipping industry may have been precipitated by shipping capital, both organised labour and nation states exercised their agency to shape these globalising processes for seafarers. As the book will show, not only is shipping one of the most global forms of capitalism but organised seafaring labour has also responded in globally organised forms. This is an original and important contribution to studies on global labour markets, which tend to be pessimistic about labour's role in a globalising world. It is my hope that the book makes visible global strategies of capitalism, the state and organised labour to a wider audience, thus stimulating interest and knowledge of this, the most global of industries.

There are two ways the story of the global labour market for seafarers can be told. One is through a micro, more ethnographic approach that tells of the daily, lived experiences of sailors on these massive ships. The other is a more macro perspective (political-economic) that considers the broad trends in globalising processes that account for the current state of seafaring labour markets. This latter is the approach I have adopted. I believe that people are more curious than ever to understand how these macro issues of capital, labour and the state play out, given the developments in the global economy from 2008. The broader public, I am convinced, are more aware and want to become more aware of these sometimes abstract processes that shape the materiality (actual lives and lived experiences) of

our everyday existence. Proof of this is that very few people, including scholars and publishers, would have thought that a 700-page opus by Thomas Piketty on capitalism (and political economy) in the 21st century would top bestseller lists globally in 2014. Piketty's work secured a global readership outside the cloistered halls of academia. There is, therefore, room for both ethnographic and political economy approaches to telling the world's stories.

My book is called *Waves of Change*, not only as wordplay intimating the ocean, but because it describes three waves of global change that account for the nature of the current commercial shipping industry and its attendant labour markets. The first wave is a shift in the way global capitalism restructured the shipping industry through a series of strategies, some economic and some technological. The second wave is the ways in which nation states responded to these changes, and third is the way in which labour was organised as a counterbalance to potentially predatory capitalist practices of the shipping industry. Also, ocean waves are complex and varied phenomena – like globalisation. These waves are life sustaining and destructive; they can be small and last a few seconds or be powerful like tsunamis. They bring both pleasure to human beings as well as sorrow. They occur simultaneously in the ocean as opposed to occurring in a linear fashion. Over time, we have learned to shape, if not completely control or predict, ocean waves for our benefit. We have agency in this process as we do in shaping globalisation itself. I am not suggesting that globalising forces lie outside humanity's control in the way that ocean waves are an outcome of natural phenomena. I am suggesting that globalising processes are not a series of tsunamis impacting or cascading on us as humanity. Globalising processes are as complex and nuanced as the physics of ocean waves. There is nothing normative about them except their constant motion. We can shape (if not entirely control unintended consequences) globalising processes. Globalisation, like ocean waves, is a constant work in motion. The world has always being globalising, and my intent is to capture one moment of this process in the global commercial shipping industry.

This book is also an outcome of my various engagements with a range of individuals and institutions (particularly in the Philippines and South Africa) over the last decade. It is my hope that people are able to recognise their influence on my arguments in this book. My gratitude to all of you is deep. Finally, much gratitude to the editors and HSRC Press for keeping the momentum going in getting this book published.

Endnotes

1 International Chamber of Shipping, Shipping Facts. http://www.ics-shipping.org/shipping-facts/shipping-facts


NO SMOKING
SAFETY

CHAPTER 2

Rupture! Capitalism and labour markets

This chapter provides a theoretical context for the empirical case of seafaring labour markets presented in this book. Readers who want to engage with broader theoretical accounts of capitalism and its influence on labour market formation will find the chapter useful. However, the chapter may not be as interesting or essential to a practitioner audience or readers who are only interested in the empirical case of seafaring labour markets. The chapter can be read in sequence, or be revisited later depending on the interests and curiosities the empirical case piques. It is also presented in such a way that readers can read the sections of the chapter that interest them most. Conceptual terms in this chapter are also defined in later chapters, via endnotes, so readers need not worry that they will have to wade through this chapter for those definitions.

Political economy, as demonstrated by the success of Piketty's (2014) work, has become surprisingly popular. A significant part of this popularity is spearheaded by a need for the general public and scholars to make sense of the current global financial crisis that began in 2008. The consequences of this crisis are so profound that it raises deep questions about the nature of capitalism, work and labour markets. Whilst crisis is not a unique characteristic of capitalism, the current crisis is opening up spaces outside the cloistered halls of academia for philosophical debates amongst lay people about the zeitgeist of our new world of permanent capitalist crisis.

This chapter shows that the cyclical nature of capitalism necessarily makes it crisis prone. Every time capitalism experiences a crisis, it restructures labour markets. We see this happening within the context of the current crisis. For example, youth unemployment in Spain, Portugal, Greece and Italy is over 50% (O'Reilly et al. 2015). Casualisation of labour has increased exponentially with the introduction of zero-hour contracts in many countries, especially the United Kingdom (Adams et al. 2014). The power of organised labour (with some exceptions) is waning globally, as there is reduction in the number of permanently employed workers who form the traditional membership base of trade unions (Hassel 2014). Global companies have become more predatory in their endless search for cheaper labour markets. Even the 'protected' labour markets of Western Europe are no longer immune from declining wages and conditions of work (Hadden et al. 2014). The same is true for the professional class of workers such as engineers, doctors, accountants and lawyers. Being a classically trained professional no longer immunises you against the vagaries of capitalist restructuring processes. Almost every aspect of human life has become financialised (Das 2011).

So, what does this have to do with seafaring labour markets? First, seafaring labour markets serve as a case or a lens through which we can observe how capitalist restructuring of a very specific industry (merchant shipping) restructures its attendant labour markets. We can observe how this restructuring can be precipitated by capital but also see that capital does not always determine the whole story of the restructuring process. Organised labour, as I will show in Chapter 5, continues to be a global force to be reckoned with, as does the nation state (see Chapter 6). So for those of us who are full of despair about the current capitalist crisis, the case of seafaring labour markets is instructive. It shows that, yes, capitalism is powerful. It can change the pattern and nature of employment on a global scale to suit its own ends of accumulating profit or surplus money. Yet the agency and power of organised labour and the nation state should not be underestimated. The death of organised labour and the nation state, I argue through this case, are much exaggerated. Globalisation has not uniformly eroded the agency of these institutions. Where labour is able to organise, as in the case of seafarers, working conditions and wages need not engage in an endless race to the bottom. States can act as enablers of hyper-capitalist processes or can mediate the ways in which national strategies and interests intersect with global strategies and interests of capital. In other words, to rephrase a quote from the Borg on the 1996 television show, *Star Trek*, resistance is not always futile.

If we are to broadly make sense of our present global financial crisis and the more specific case of seafaring labour markets, then we have to revisit some classical arguments in political economy. This means engaging with Karl Marx's work, trying to decipher what neoclassical economics is and how it shapes our labour markets. These are not easy tasks, even within the confines of academia, so I have tried to make my explanations and analysis accessible. Those with a more scholarly interest can access the widely available literature, blogs, websites and popular media for elaborations and clarifications of some of the more abstract concepts presented here. I have endeavoured to focus on key and classical theorists in this account as it serves a good introduction to those engaging with these arguments for the first time. I have also taken care to restate my arguments throughout the chapter, which may come across as repetitive. The reason for this is not to condescend to the reader but rather is used as a device to guide the nonexpert reader through the somewhat more abstract discussions. I am also mindful of the fact that people don't always read theoretical chapters from the beginning but dip in and out of them according to their interests.

Rupture: Capitalism and its modes of regulation

An overly simplistic but highly accurate way of explaining capitalism would be to explain it as a way in which society is organised economically and socially. It is recognised by most sociologists and economists (Jessop 2015) as one of five forms of economic organisation or modes of production. A mode of production refers to the way in which a society is organised economically, 'in which we can identify distinctive relationships between the main factors of production, land, labour and capital' (Knox et al. 2003: 6).[1]

As Albritton et al. (2001: xii) postulate:

> The theoretical point … is the view that capitalism since its inception has been far from uniform. Key to improving our understanding of capitalism is the attainment of greater clarity regarding the specific forms capitalism has assumed in the successive phases of its existence. That which is of paramount concern, and the point around which the most intense debate swirls, is the characterisation of the period following the Second World War. The stakes here are certainly the highest. For as we enter the new millennium, the interpretation of the political economy of this most recent past will impact profoundly upon our political and economic strategizing for the future.

The changes in modes of production that signal the different types of capitalism are chiefly the idea of the French school of economic regulation as epitomised by Aglietta's (1979) work on American capital, which was partly rewritten and then reissued (Aglietta 2015) in an attempt to make sense of the current global financial crisis. These theorists argue that capitalism is not an ahistorical process, but rather that capitalism in its different phases is distinguished by institutional and social factors unique to the particular historical phase of its development. Thus, capitalism develops through a series of modes of development, with each mode consisting of a specific regime of accumulation and a mode of regulation.

The Regulation school's work as informed by Harvey (1990), Lipietz (2001), Jessop (2001; 2015) and Aglietta's (1979; 2015) work on capitalism remains one of the most influential ways of understanding capitalist change in industrial sociology (Jessop 2015). This is mainly due to the continued influence of classical Marxism on the discipline. Regulation theorists are influenced by classical Marxism, though they extend and even break with classical Marxism in some important ways. Their contemporary analyses of capitalism attempt to reformulate classical Marxist critique of political economy in order to understand capitalism and the causes of capitalist crises over time (Jessop 2015). They are also keenly interested in changes in labour markets and labour process issues (the way work is organised under capitalism) as a consequence of capitalist crises. The Regulation school is different from a classical Marxist understanding of capitalist change in that it challenges the ahistorical and determinist interpretations that dominated classical Marxism. However, it also opposes key tenets of neoclassical views of capitalism and capitalist change. Chiefly, it opposes the neoclassical view that capitalism succeeds because of rationally acting individuals, transparency of markets and the self-regulation of 'pure markets' towards a general equilibrium. Regulation theorists reject the idea of automatic equilibrium generated through self-regulated markets, and stress the importance of 'economic and extraeconomic institutions for the stabilisation of capitalist accumulation' (Jessop 2001: 19).

Whilst there are at least seven types or subsets of regulation theory, there are some key principles that guide the school's work as a whole (Jessop 2001). First, regimes of accumulation (social norms, relations and forms of exchange that regulate the economy) and modes of regulation (institutions and cultural habits that reproduce the whole capitalist

society) are the main conceptual tools of analysis (Jessop 2001). Second, all see 'the key regulating mechanisms of economic life as in decline' (Jessop 2001: 63), because regulating mechanisms are not just economic laws, but are 'embedded social practices'. There are also 'dominant industrial paradigms/labour processes' that combine with regimes of accumulation and modes of regulation to produce a specific 'mode of development' (Jessop 2001).

A regime of accumulation can also be explained according to Knox et al. (2003: 16) as 'an interrelated complex of production, consumption, and income distribution based on the organisation of the capitalist firm'. Regimes of accumulation are formed in response to the opportunities and limits created by new technologies of production, transportation and communication. Modes of regulation, on the other hand, are guided by four principles (Dunford 1990: 103):

- Regulation of the monetary and financial mechanisms
- Regulation of wages and collective bargaining
- Facilitating and setting limits to competition in addition to establishing relations between the private sector and public economy
- Establishing the roles of governments at various spatial scales

Most of the Regulation school's work has focused on the development of Fordism and post-Fordism as unique modes of production. Inherent in these modes of production, and hence the regimes of accumulation, are the seeds of crisis. These consist of inbuilt contradictions, instabilities that for the most part regulate themselves until a structural crisis develops as unregulated conflict develops between social classes, business, labour, governments and other interest groups. According to Aglietta (2015), the outcomes of these struggles are new modes of production, accumulation and regulation – but it is difficult to know in advance the form that these new modes will assume. The combination of two regimes of accumulation (the extensive and intensive) and two modes of regulation (competitive and monopoly) have produced three modes of development of industrial capitalism in the West. Extensive accumulation refers to accumulation based on changes to conditions facing labour (Aglietta 2015), for example, craft production, lengthening the work day, labour process development to increase productivity. However, the potential for mass production and consumption markets remains limited. Intensive regimes consist of investment in new production technologies, which in turn increase productivity and make possible the creation of mass production and consumption markets. The concepts of regimes of accumulation and modes of regulation, as proposed by the Regulation school, are therefore essential to understanding capitalism and capitalist change. It gives us a conceptual vocabulary to describe the ways in which capitalism alters its accumulation strategies by shifting from one mode of regulation to another. These shifts then have profound consequences for the nature of labour market formation.

Understanding crisis

Changes in the mode of regulation are initiated by moments of crisis in capitalism. Understanding the nature of crises and what initiates crises is therefore key to this argument, as it is only through experiencing crisis that capitalism reconstitutes itself and

labour markets. It is therefore the purpose of this section to make clearer why crises occur. I suggest that amongst mainstream Marxist and Regulation school theorists there are two ways (overaccumulation and the tendency of the rate of profit to fall) of understanding the ruptures or crises between modes of capitalist regulation. Both these ways of understanding crises are, however, not sufficient, in themselves, in accounting for the crises experienced by the empirical case presented in this book. The empirical work presented here, instead, suggests that an extension of Marx's theory of the tendency of the rate of profit to fall (which takes into account the strategies engaged in by capitalists to ameliorate falling profit levels) is pivotal to understanding the restructuring of capitalism and labour markets. As the empirical evidence provided in this book demonstrates, the crises in the shipping industry were initiated by a tendency of the rates of profits to fall, yet, through a range of capitalist innovations and strategies, the industry prevented declining profit levels by restructuring.

The most cited contemporary proponent of overaccumulation as the primary cause of crises is Arrighi (2005). He is best known for his historical account of the ruptures between different phases of capitalism. This is essentially an historical account of overaccumulation as the driving force of crisis. It is premised on the idea that crises of capitalism are necessarily crises of overaccumulation. For Arrighi and his supporters, this means that crises are caused by both the underutilisation of capital and labour and a lack of further profitable opportunities for investment. However, Arrighi is considered particularly weak in his treatment of falling rates of profit as a catalyst of crisis. As Postone (2007) contends, Arrighi attributes falling profit levels solely to increased competition amongst capitalists. There is no further consideration of which other factors may lead to declining profit levels or, indeed, which factors may restore declining profits. This makes his analysis of capitalist crises of the 1970s particularly unhelpful. It is especially difficult to use Arrighi's framework to explain crises in the empirical study presented in this book, that is, the commercial shipping industry.

The second way of understanding crises is Marx's idea of the tendency of the rate of profit to fall. However, as is widely suggested in the literature (Roncaglia 2005), Marx's idea is overly deterministic by necessarily implying the end of capitalism. Despite Marx acknowledging that there may be countervailing forces against the tendency of the rate of profit to fall, he could not have predicted many of the social, economical and technological aspects of our contemporary world. I therefore postulate a third way of understanding crises. This is a synthesis of Marx's idea of the tendency of the rate of profit to fall with a range of other initiators of crisis not included in his original formulation. Therefore, based on the evidence presented in this book of the case of seafarer labour market restructuring, I suggest that crises are also caused by decline in productivity levels, the limits in the ways in which capitalist production is organised (labour process), the globalisation of modes of regulation, high wages and militant organised labour. In addition, crises are initiated by increased control and competition for natural resources such as oil and increased global financial (dis) integration. Many of these initiators of crisis – especially ones related to new technologies, globalisation and the competition for declining natural resources such as oil – could not have fully been anticipated by Marx.

Arrighi's perspective of overaccumulation

Crises of capitalism are by no means a new phenomenon. Capitalism's nature as an economic and social system is to be crisis bound, and crises seem to be more the rule than the exception. A significant contribution in the theorisation and explanation of systemic accumulation cycles and crises is offered by Arrighi (2005). His periodisation of capitalism also accounts for the ruptures between each successive phase of capitalist development. Arrighi's (1994; 2005) work is on the systemic accumulation cycles (and their attendant crises) of capitalism over the last six centuries.

To understand crises, Arrighi argues, one has to be able to periodise capitalist expansion and crises, and consider whether such a periodisation is even possible. Much of his work is devoted to periodising capitalism over the last 600 years. For Arrighi (1994), a periodisation is possible only by identifying systemic conditions under which reconstitutions of capital have occurred.[2] A systemic cycle of accumulation is comprised of two movements or expansions. One movement of material expansion occurs whereby money capital is invested in a series of commodities including labour power and raw materials. The second movement sees increased financial expansion whereby 'money capital sets itself free from its commodity form and accumulation proceeds through financial deals' (Arrighi 1994: 6). When these two movements or expansions combine, they produce a full systemic cycle of accumulation.[3] A cycle of accumulation on a world scale, in this respect, is understood as 'the strategies and structures through which these agencies, governments and businesses have promoted, organised and regulated the expansion or restructuring of the capitalist world economy' (Arrighi & Moore 2001: 60).

As evident from these cycles, the periodisation of capitalist phases of accumulation does not suggest a dramatic disjuncture from one era to another. Instead, there is a steady erosion of one type of accumulation until it is replaced by another. Whilst this does not imply violent rupture from one period to another, it nonetheless indicates different stages of capitalist development. This results in cycles overlapping and, over time, the cycles become shorter – but each cycle lasts more than a century. It is with this in mind, that Arrighi (1994) borrows from Braudel (1984) and Schumpeter (1954) when he employs the concept of 'a long century'. A long century therefore represents a period of time or 'basic temporal unit' in analysing the processes of capitalist expansion through accumulation.

Inherent to capital as a function of modes of production and regimes of accumulation is the need to accumulate and circulate capital. The type of crisis that is usually experienced when shifting from one phase of capitalism to another is one of a crisis of overaccumulation. Therein lies the fundamental contradiction of capital. Capital, by its very nature, is determined to accumulate and circulate capital in ever wider scales in order to survive; however, when it overaccumulates it runs into a crisis of overaccumulation. Overaccumulation as a cause of crisis can be observed from the mercantile development for capitalism, and usually consists of the unused or underused capital and labour. This underutilisation of capital and labour is, itself, an outcome of failing to match supply to changing conditions of demand. Knox et al. (2003: 16) describe crises of overaccumulation as evidence of 'idle productive capacity, excess inventories, gluts and shortages of commodities, surplus money capital and

high levels of unemployment'. In sum, three types of surpluses exist simultaneously that contribute to crises of overaccumulation:

- Surplus labour (the unemployed and the underemployed)
- Surplus productive capacity (idle factories and machinery)
- Surplus capital (because owners of profits, interest and dividends cannot find profitable investment opportunities to invest their money since productive capital is idle)

A more complete picture of why and how this overaccumulation takes place is provided by Arrighi & Moore (2001). They argue that material expansions of capitalism that take place by government and business create more intense divisions of labour that, in turn, create increasing rates of profit to capitalists. These increasing rates are usually invested by capitalists in trade and production. This relationship develops into a self-regulating cycle and may play out for lengthy periods of time before running into crisis. Eventually, the investments of mass profits in trade and production lead to the accumulation of capital 'on a scale beyond the normal channels for investment'. Thus, there is 'too much capital' and not enough profitable investment opportunities for it to home in on. A surplus of capital then results in diminished returns, and competition increases amongst businesses to find the best investment opportunities in a difficult environment. This crisis of surplus capital, labour and productive capacity provides the impetus for the shift from material expansion to financial expansion of capital.

A key critique of the above assessment is that it does not explain sufficiently the nature of the restructuring of the empirical case presented in this book, which is the case of the restructuring of the global merchant navy. First, as the book demonstrates, the restructuring of the shipping industry and its attendant labour markets was not spearheaded by the underutilisation of seafaring labour and shipping capital nor by the lack of profitable opportunities for shipowners to invest in. Instead, there were very specific factors that catalysed the reorganisation of the sector – chiefly, the unforeseen rise in oil prices that impacted significantly on the profit rates of shipowners. Second, where Arrighi (2005) does discuss the tendency of the rates of profits to fall, he attributes such decline to increased competition amongst capitalists. Certainly, this may cause profit levels to fall, but it is not the sole contributor to falling profit levels in the empirical case presented in this book. The falling rate of profit for shipowners was part of a larger tendency for the rate of profit to fall globally across most sectors during the 1970s. The oil crises of the 1970s are discussed more completely in Chapter 4. The tendency of the rate to profit to fall as an initiator of crisis, is the theme of the next section.

Marx and the falling rate of profit

Here, I offer an account of catalysts that generate crises in capitalism at large, and how these may impact at industry level. Certainly, overaccumulation as posited in the previous section may generate crises in general for capitalists, and even account for crises in specific industries. However, overaccumulation does not offer a complete explanation of the crises that effected the changes in the shipping industry and its labour markets from the 1970s. A more convincing explanation of the causes of crises that can be applied to the commercial

shipping industry is to be found in Marx's work. The tendency of the rate of profit to fall (TRPF) over time is not an idea unique to Marx, though it is most commonly associated with his work. Prior to Marx's writing on the topic, the tendency of the rate of profit to fall was an idea at the heart of classical[4] political economy and classical economics. Perhaps the most well-known economist writing on this tendency prior to Marx was Adam Smith in his book *The Wealth of Nations* published in 1776. In this, Smith observed that over long periods of time there was an empirical trend for the return on capital invested in industries to decline. At the risk of oversimplifying, for Adam Smith, falling rates of profit are inevitable and can be blamed on increasing competition. His comments on the falling rates of profits are best captured in his Chapter 9 where he contends:

> The rise and fall in the profits of stock depend upon the same causes with the rise and fall in the wages of labour, the increasing or declining state of the wealth of the society; but those causes affect the one and the other very differently.
>
> The increase of stock, which raises wages, tends to lower profit. When the stocks of many rich merchants are turned into the same trade, their mutual competition naturally tends to lower its profit; and when there is a like increase of stock in all the different trades carried on in the same society, the same competition must produce the same effect in them all.

For Adam Smith then, the accumulation of capital is governed by the extent of the market and the growing division of labour. However, it was Marx who declared that the tendency of the rate of profit to fall is one of Smith's key contributions to understanding political economy (as cited in Clark 1992). For Marx, this tendency for profit to fall was one of the main sources of crisis in capitalism. His argument in this regard is set out in Chapter 13, Volume 3 of *Capital* (Marx 2008/1848). In his chapter, Marx introduces the ideas of constant capital (c) and variable capital (v). Constant capital refers to the part of capital that does not change, specifically, to the transfer of the value of physical capital, such as buildings as well as tools and equipment and raw materials, to the final product during the process of production (Jalêe 1977). It therefore refers to the value of goods consumed in production. Variable capital (v) refers to 'that portion of capital going to wages and salaries' (Jalêe 1977: 28). Marx referred to the ratio of constant to variable capital (c/v) as the organic composition of capital (Fine 1982).

He demonstrated that each individual capitalist can increase his or her own competitiveness through increasing the productivity of their workers. To achieve this, capitalists would have to obtain a greater quantity of the means of production (tools and machinery, for example) for each worker. There is then a growth in the ratio of the physical extent of the means of production to the amount of labour power employed, a ratio Marx referred to as the 'technical composition of capital' (Fine 1982: 117). Subsequently, Marx argues that a growth in the technical composition of capital means that there will also be a growth in the investment needed to buy the additional means of production (Harman 2012). Constant capital then grows faster than variable capital and, as averred earlier, the ratio of constant capital to variable capital is referred to as the organic composition of capital, which becomes an inherent

process of capital accumulation (Fine 1982). However, as Harman (2012) reminds us, the only source of value in the whole system is labour. If investment grows more rapidly than the labour force, it must also grow more rapidly than the value created by workers, which is ultimately where profit is realised. Put differently, capital investment grows more rapidly than the source of profit, which implies that over time there will be what Harman calls 'a downward pressure on the ratio of profit to investment – the rate of profit' (2007: 120).

In other words, each capitalist has to push for greater productivity in order to stay ahead of his or her competitors. Whilst a greater push for productivity may benefit individual capitalists, it is disastrous for the capitalist class as a whole (Wolff & Resnick 1987). Every time productivity rises, there is fall in the average amount of labour in the economy as a whole needed to produce a commodity (Marx terms this, socially necessary labour), and it is the socially necessary labour that determines what other people will agree to pay for a certain commodity. Contemporary examples would be the rapid decline in the price of electronic consumer goods such as computers and televisions as new technologies are increasing the rate of productivity in these commodity sectors.

The tendency of the rate of profit to fall, as posited by Marx, is significant because it suggests that capitalism has an inherent unreformable flaw. According to Harman (2007: 119) 'the contradiction inherent in capitalism is that the more accumulation takes place, the more difficult it is to sustain it'. Given that profit and, preferably, increasing rates of profit are at the heart of the capitalist enterprise, any tendency for profits to fall must be taken seriously. However, as noted earlier, falling rates of profit are an important but not the sole cause of capitalist crises. These other catalysts of crises are discussed later in this chapter.

Further, Marx refers to this as a tendency and not a law because there may be a series of ameliorating factors that prevent a particular capitalist mode of regulation from imploding due to a downward spiral of profits. There is also a tendency for there to be capitalist and noncapitalist strategies that may ameliorate such a tendency from playing out completely. This way of understanding crises shows that even when profits fall, capitalists are creative in ameliorating a downward spiral of profits by engaging in new strategies to make profit. In my discussion later in this chapter, I make reference to what these ameliorating factors are and how they stall the tendency of the rate to fall by rebirthing one mode of capitalist regulation (Fordism) into another mode of capitalist regulation (post-Fordism).

I have, therefore, argued that crises are an integral part of capitalist restructuring. Crises impact profoundly on both capitalists and labour. For capitalists, crises may represent the inevitable decline of an industry and for workers, crises may represent the decimation of particular labour markets. For Arrighi, these crises are generated by overaccumulation, and for classical Marxists they are generated by declining profit levels. The evidence presented in this book favours the latter argument as the cause of crises, with an important addendum. Declining profit levels put capitalists under enormous pressure to rethink the ways in which they run their businesses. It is in responding to these pressures through a range of strategies that both industries and their attendant labour markets change. It is through these strategies and innovations that capitalism transitioned from its Fordist to post-Fordist

mode of regulation, with profound consequences for both capitalists and labour markets. The empirical case of the shipping industry shows exactly how capitalists, by ameliorating profit levels, restructured the industry.

Capitalism and labour markets

There have been three television shows on news channels this week alone (October 2015) that have engaged in debates about classical and neoclassical economics. In fact, since 2008, there have been dozens of popular media television shows, books and blogs that attempt to explain and demystify economics and 'finance speak' for nonexpert audiences (Lanchester 2014). This is an important moment for most of us since it is only through an engagement with the conceptual vocabulary of economists that we can begin to make sense of the global financial quagmire we are in at present. These concepts are not so abstruse and abstract that they are beyond nonexpert human understanding, though neoliberal economists may hope they are. We have to have a working knowledge of classical economic and neoclassical economics to appreciate the ways in which seafaring labour markets (amongst others) restructured.

Now I will be showing that that classical and neoclassical economists have made important contributions to the ways in which we understand labour markets. However, whilst these accounts of labour markets have been theoretically and empirically sufficient to explain labour market models and change historically, their analytical usefulness is increasingly questioned by contemporary developments in the labour market, particularly from the end of the 20th century. However, both these schools of thought have had limitations in describing and explaining changes in the labour market post 1970s. Instead, I posit that Guy Standing's (1999; 2006; 2014) empirical and theoretical work on global labour market flexibility has extended (though is not entirely dismissive of) Marxist and neoclassical conceptions of labour market formations. Standing is widely acknowledged as one of the foremost theorists of labour market change since the 1970s. I contend that in order to appreciate fully the impact of capitalist change on labour markets (as in the shift from Fordism to post-Fordism), we need to extend our conventional classical and neoclassical understanding of labour markets, and Standings work allows us the platform to do this. He provides both a conceptual language and empirical evidence to show that we are indeed experiencing types of labour markets that labour market theorists could not have predicted 200 years ago.

First, I discuss the contribution of Marxian ideas of labour markets. The second focus of this section is on the contributions of the neoclassical approach to understanding labour markets as a counterpoint to Marx's more deterministic views. Both these ways of looking at labour markets are rarely used without some form of synthesis between them in contemporary economic practice, though I present them separately for convenience.

Both classical and neoclassical ways of theorising labour market formation contribute useful analyses of labour markets, with the former attempting to analyse social and political tendencies in labour market formation (such as power and control), and the latter offering a less deterministic and more optimistic analysis of workers as subjective agents, which allows workers more agency than do overly deterministic Marxist conceptions of labour market formation.

However, I find both classical and neoclassical definitions of labour markets unable to adequately provide a satisfactory explanation of what a labour market was at the turn of the century. In this respect, I find Standing's explanation of what a labour market is, most convincing in the light of the empirical evidence and argument presented in this book. The study of labour market formation and operation is all too often devoid of institutional, social and power arrangements.[5] It is therefore Standing's (1999: 30) definition of a labour market as 'an institutional framework by which jobs are allocated, exploitation is achieved or combated, and controls and resistance take shape' that I find most appropriate to use. Such a definition allows both for the agency of capital and labour in addition to allowing for a more sociological analysis of labour market institutions and labour markets.

The classical school

Amongst the first comprehensive analyses of the labour market under capitalism were those of Ricardo (writing around 1800) and Marx (writing his major opus, *Capital*, Volumes1, 2 and 3 from 1867 to 1896). Both theorists approached the concept of labour markets from a political economy perspective. They are the most famous proponents of the classical school of economists that emerged in the 18th and 19th centuries.[6]

Drawing from Ricardo's later work on labour value, Marx[7] concentrated his analysis on the labour market as opposed to Ricardo's exclusive focus on commodity markets (Mandel 1984).[8] This focus on the labour market allowed Marx to develop his ideas on exploitation and the labour theory of value. Both concepts became the cornerstones for classical economic theorising of labour markets. Workers in a capitalist society only have their capacity to work to exchange for other commodities. Their capacity to work is termed their 'labour power.' There is a demand for labour power by capitalists who combine it with their means of production in order to manufacture exchangeable commodities. Marxists argue that the market for labour must be viewed as operating with the same logic as the markets for other commodities under capitalism. Working from the premise that labour is a commodity, its value must be calculated in the same way as for other commodities (Jessop 2015).

Therefore 'the value of labour power is the value of the labour that is socially necessary in order to produce that labour power' (Sheppard & Barnes 1990: 39). Labour power is always available if workers remain physically and mentally capable of doing their jobs, and if there is a reproduction of labour for future use. In order to make a profit, the value of a worker's labour power must be less than the amount of labour contributed by that worker to produce a commodity for exchange on the market. Capitalism, Marx contends, by its nature implies that the means of production and commodities produced are owned by a capitalist class. Therefore, capitalists as a class receive more labour value than they exchange for with wages. This, in short, was Marx's idea of 'exploitation' (Mandel 1984). Marxist ideas of labour value continue to be controversial and have been open to a number of reinterpretations, and continue to be a source of contention amongst labour economists and labour market theorists (Dunford 1990). From a sociological view both Ricardo and, specifically, Marx provided an interpretation of labour markets that takes into account social and political processes, and sees these processes as fundamental to understanding the way capitalism works.

The neoclassical school

The neoclassical school of economic theorists emerged from 1870[9] and entertained few, if any, of the premises of their classical cohorts (Roncaglia 2005; Yang 2001). These theorists presented ideas that differed in important ways from the theoretical thrusts of the classical school. The shift to neoclassical thinking is often attributed to the Marginalist Revolution spearheaded by Jevons in England, Walras in Switzerland and Menger in Austria (Schabas 2009). The Marginalist Revolution signified the decline of the influence of classical political economy as well as the beginning of exciting new developments in understanding economics and society. However, of these three scholars, it was only Jevons who positioned himself in direct opposition to classical political economy (Roncaglia 2005). Further, these three scholars initially worked independently of each other as they attempted to understand the rapidly changing world around them at the time. Jevons was reacting to the shortfalls he saw in classical political economy, Walras developed his ideas with the French tradition of utility theory and Menger was concerned with bringing some scientific rigour to the German tradition of 'vulgar economy'.

At its heart, the marginalist or neoclassicist view asked very different questions about economy and society than did the classical theorists. First, classicists posed their questions around issues of distribution within the framework of capitalist macroeconomic growth. Second, the analysis of class as an obstacle and facilitator of capitalist growth was key in their enterprise. Marginalists, on the other hand, worked from distinct premises about human nature. Whilst classical theorists approached the economy through an analysis of the division of labour and were focused on the analysis of production, circulation, distribution and accumulation of products, marginalists were interested in approaching economic problems through an analysis of the optimal utilisation of scarce available resources to satisfy the needs and desires of economic agents (Roncaglia 2005). Further, classical economists approach the economy through an objective view of value whilst marginalists approach with a subjective view.

Their premise is that people are rational actors who make rational decisions. A rational decision is one in which an individual will choose to engage in an activity that minimises cost to them but guarantees them a maximum material benefit. These individuals know what their preferences are for goods (they have 'well-defined utility preferences', in the language of neoclassical theory). The economic puzzle then is one of rational choice. Rational actors will exchange the commodities they own for different commodities owned by others until individual utilities are maximised (Mandel 1984). Income distribution therefore is set exclusively through these exchange relationships, and an individual's income is determined by how much his or her goods fetch on the market. However, as Wolff and Resnick (1987) point out, marginalists are also interested in technology, commodities, markets and prices and not just the individual's decision-making abilities. As far back as 1776 (before the Marginalist Revolution) when Adam Smith (2005/1776) published his *Wealth of Nations*, European societies were struggling against powerful noncapitalist social institutions such as the church and feudalism. Smith's idea, that maximum wealth for society correlated to maximum freedom given to each individual to pursue his or her own self interest, was shocking (Wolff & Resnick 1987) and profound at the time.

There are five main contributions that neoclassical theorists have made to our understanding of labour markets. One, free markets are viewed as the most efficient ways to ensure that capitalism benefits everyone. At the heart of their argument is the idea that free markets are intrinsically linked with ideas of social justice. It is often the social justice element of the neoclassicists' approach that supporters of classical economics ignore or play down. For example, neoclassical theorists contend that, in order for human beings to realise their full wealth potential, there needs to exist societal institutions that will permit people to realise their maximum wealth (Roncaglia 2005). Capitalism, it is argued, is the best form of economic organisation to provide these institutions since capitalism best reflects our human nature to be rational and productive. For these institutions and markets to function effectively, all forms of discrimination must be removed, and this includes racial and gender discrimination in labour markets. Two, neoclassicists set up the individual as an agent in charge of his or her own destiny, which is not only a celebration of the individual but of the liberation of the individual from being subsumed by the 'divine' laws of God, or feudal systems of the time. Agency of the individual was paramount (and liberating) and in sharp contrast to the pessimism and deterministic nature of Marxist theory that made no room for agency or the individual (Wolff & Resnick 1987). Neoclassical theory can therefore be said to be humanistic with its placement of the person at the centre of its analysis. Three, the neoclassicists turned economics into a science and introduced an empirical rigour that had been missing. They drew their scientific language from physics, mainly, and the idea of the 'economic system', with the concept system being derived from physics (Yang 2001). The mathematics of economics has been extremely influential in analysing and interpreting labour markets and is used today by all types of economists trying to understand various issues such as unemployment, discrimination and underemployment in economic systems. Four, neoclassical economics is far more hospitable to differing views within their canon than Marxism (Yang 2001). For example, the contemporary canon includes three main schools of economic thought – the neoclassical synthesis, which imbibes Keynes's calls for state intervention to counter unemployment with its ideas of value and distribution (Keynes 2006/1936). The most famous proponents of this school include Hicks, Modigliani, Philips and Stiglitz (Roncaglia 2005). This stream of neoclassical thought is also referred to as the Massachusetts Institute of Technology (MIT) school. The second school of neoclassical thought is referred to as monetarist. Led by the Chicago school of economists, particularly Milton Friedman and George Stigler, these economists focus on monetary and fiscal issues in economic systems. The third stream of neoclassical economists are called the post-Keynesians who, unlike the neoclassical synthesis, argue for a return to Keynes's theories on the state, and employment in its original form. Fifth and last, at the turn of the 21st century, chaos theory and game theory were becoming mainstreamed into the neoclassical tradition, which again underlies the point that the tradition of neoclassical economics is akin to a tree with many branches (Yang 2001). In reality, though, the practice of most of economics is very much a synthesis of these various ideas (Yang 2001).

Classical Marxist views of labour markets are, as Standing (1999) argues, entrenched in a labourist perspective of society. This perspective was entrenched in the 20th century by the two dominant and competing political and economic systems of the time: welfare state capitalism and state socialism. Both these systems, whilst ideologically different, made labour the

core of their development strategies. They reinforced the ideas that to labour is a necessary and 'good' activity that must be protected at all costs. This was expressed by state (welfare and socialist) and trade union policies directed at the right to labour, the protection of the rights of labour and a belief in the duty to labour. For both the welfare capitalist and socialist states of the time, this meant a promotion of labour market security. As Standing (2006: 8) argues:

> The essence of the two models that competed during the middle decades of the last century was that they promoted labour security at the cost of constraining liberty, albeit in different ways. Both were initially based on the needs and aspirations of labouring man. Under both communism and welfare state capitalism, Full Employment was seen as the major instrumental goal. Adherents of both models tried to export their model to developing countries. The most extreme version of labourism was the Soviet Constitution, which declared that 'he who does not labour shall not eat.'

For organised labour, it was indeed a golden age where organised labour, or the working class, posed a real threat to capitalists (Standing 1999). However, the seismic shifts in capitalist accumulation strategies in the 1970s saw the hegemony of the labourist perspective threatened. The mid- to late-1970s saw the steady erosion of labour securities and labour market securities. As Standing argues, the certainties of one age became the problems of the next (Standing 1999). The explanatory power of classical Marxist and neoclassical views of labour markets were limited in certain respects and not sufficiently able to explain new developments in the 'brave new world' of work of the post-Fordist period.

As Standing (1999) contends, the Marxist and neoclassical economists' assumptions of labour market models of the 20th century had reached their explanatory limits. Dominant thinking of labour market models of the time predicted that the majority of workers in the developed world would be in stable full-time and secure jobs well into the 21st century (Standing 1999; 2006). This model of full, secure employment was expected to transfer to the developing world, where a surplus of labour would be absorbed into the formal sector. However, the evidence of the past few decades demonstrates that this is far from what has happened in the world of work. Capitalism has not heard its death knell as predicted by some classical Marxists. Instead, capitalism has transformed and, in transforming, has altered the nature of labour markets globally.

It is in this respect that Standing's contribution to understanding labour markets from the end of the 20th century is significant. His empirical work on global labour market flexibility extends the way we have historically and traditionally viewed labour markets. He introduces a new conceptual language that allows us two central features of contemporary labour markets: insecurity and flexibility. Labour markets are imbued with power and institutional arrangements. He questions the Marxist idea that it is 'labour power' that is being sold. He contends (1999: 27):

> A labour market surely has none of the attributes of a lemon market. First it is not clear what is being sold. Except in a slave market, it is not the person being sold (or what Marxists call the 'labour power').

Neither is it the Marxist idea of the 'capacity to labour' that is being sold. As Standing contends, 'nobody in their proper mind would voluntarily surrender their capacity to learn or decide on how much effort to expend, and nobody except in familial or personal relationships voluntarily devotes unlimited time to the service of somebody else.'

He is equally critical of the ways in which some streams of neoclassical theorists have ignored the social embeddedness of labour markets. For Standing, labour markets are social public spheres and primary means of socialisation. It is in the social embeddedness of labour markets that we encounter power, agency and institutional arrangements. He is equally critical of the dominance of the supply and demand model of neoclassical economics. His final caveat on neoclassical economics is best captured by his argument that

> The more work resembles labour, the less the labour market will conform to the image of neo-classical economic theory, for the less the 'employer' is likely to rely on 'incentives' and more likely to rely on forms of control, if only because the incentives would have to be greater to secure the same effort. (Standing 1999: 31)

Standing (2006) further contends that since the 1980s, the Chicago school of neoclassical economics – or as it is now known, the Washington consensus – has been the only serious model of labour markets on offer. He predicts that the dominance of these economists will weaken as labour market flexibility and insecurity become ever more widespread. The fulcrum of his argument against the ideology of this school is that neoclassicists of this ilk have disembedded the economic system to such an extent from social systems, that national and global economies will be threatened by a concept of labour markets devoid of issues of power, social justice and social institutions.

Despite his critique of both orthodox Marxism and certain streams of neoclassical theory, he does acknowledge that conventional understandings of labour markets have some analytical power though, increasingly, new labour market developments demand new theoretical and empirical innovations. Standing makes use of many of the mathematical and econometric contributions of the neoclassicalists, for example, to make his arguments about global labour flexibility. He also gives some credence to Marxist concepts of alienation and exploitation. Most significantly, though, his work on global labour flexibility has opened up the idea of labour markets to be more inclusive of power, institutions and agency. This then allows me to discuss these developments in my empirical case of the restructuring of seafaring labour markets from the 1970s. It is only through an understanding of the rise of flexible labour markets that the restructuring of seafaring labour markets can be understood. Further, any discussion of Fordism and its transition to post-Fordism must engage with the labour market as a sphere of control, power and institutions.

The first half of this chapter provided an abstract discussion of capitalism, crises and labour markets. It made an argument for adopting the Regulation school's understanding of crises, provided reasons for the causes of crises and suggested that whilst classical and neoclassical perspectives of labour markets make important contributions to our understanding of labour markets, contemporary developments in labour markets have tested severely the

analytical usefulness of these theories. I proposed that Standing's view of labour markets as social spheres operating with institutions, power and agency offers a convincing framework for the empirical case presented in this book.

The second half of this chapter shows how capitalism shifted from one mode of regulation to another. It further demonstrates what the consequences of this shift were for labour markets. As such, it employs much of Standing's conceptual framework of global labour flexibility to understand labour market change. I do this through a discussion of Fordism as a mode of regulation, the impact of Fordism on labour markets, the nature of the Fordist crises and its transition to post-Fordism as a mode of regulation, and the nature of post-Fordist labour markets. If the first half of this chapter situated my empirical case studies in a theoretical framework, then the second half of the chapter situates my own investigation of the shipping industry and its labour markets in a broader empirical context of capitalist and labour market change.

Fordism as a mode of regulation

As averred earlier, the purpose of this part of the chapter is to show how the abstract concepts examined above have played out at a more empirical level. It is with this purpose that I present my arguments. This section argues that Fordism was a particular mode of regulation, and a regime of accumulation. For scholars of capitalism and economic historians like Lipietz (1986; 2001), Hounshell (1984), Harvey (1990), Allen (2004), Glyn (2006), and Boltanski and Chiapello (2005), the golden age of American capitalism was epitomised by the Fordist mode of regulation, production and accumulation from 1945. This golden age ensured the rising quality of life, increased employment, secured high wages and institutionalised trade unions as key players in the employer–employee relationship. Even organised labour reflects fondly on the period, certainly not as a period of paradise for workers[10] but a period whose achievements were important for workers (Glyn 2006).

The four main features and tendencies of Fordism are summarised below (Armstrong et al. 1991: 98):

- Fordism was characterised by a particular kind of Taylorist labour process.
- There were rigid forms of wage contracts, and trade unions were relatively strong.
- There were greater levels of security amongst workers, in terms of wage security, job, security, skill security and representation security.
- The welfare state operated along social democratic principles.

First, Fordism consists of a specific 'labour process model' or what Lipietz (1992) refers to as a technological paradigm. Production and work has to be organised in very specific ways in factories but, also, the division of labour is organised between factories. There may be instances of work being organised outside this paradigm, but a Fordist labour process remains the dominant one and influences labour processes in newer organisations (Singh & Ruggunan 2015). The Fordist labour process borrowed extensively from Taylorist methods of organising the labour process and followed the same principles in most cases. Both Taylorism and Fordism were about rationalising production. In order to rationalise production, there

had to be a separation of manual and mental workers, or of the conceptual work from the manual work (Singh & Ruggunan 2015). The conceptual workers were often skilled workers (engineers, for example) whilst the manual workers were mere operatives and either semi-skilled or unskilled workers. Taylorism culminated in the micromanagement of workers and the labour process with each job or task that a worker did being ‘scientifically’ managed. The advent of new technologies post Taylor saw the introduction of the automated assembly line that would speed up the rationalisation of the labour process, with increasing divisions of labour and separation of workers by skill levels (Singh & Ruggunan 2015).

Ford and the economist Keynes (Lipietz 1992), were quick to realise that the increasing rationalisation of the labour process would lead to a crisis of overproduction (supply) unless measures were taken to address the demand side of the production process. Ford and Fordism were therefore amenable to initially providing high wages (epitomised by Ford’s five-dollar wage) to workers so that mass production could be balanced by mass consumption (Hounshell 1984). For trade unions, the promise of high wages as means of sharing productivity gains was a means of compromising against increasingly rationalised work processes.

Second, Fordism as a ‘regime of accumulation’ consisted of mass production, mass consumption and the goal of full employment. Full employment was to be achieved by ensuring consistency and stability of firms’ profits, and factories were to be run at full capacity. To facilitate mass production, the Fordist era extended Taylorist labour process principles, the most important of which were the separation of conceptual and manual workers, increased mechanisation and the introduction of the automated assembly line. Facilitated by this labour process, mass production of goods soared with the amount of goods produced per worker increasing rapidly during this period (Grint 2005).

Organised labour in Fordist factories was paid high wages as a means of sharing in productivity gains, ensuring that workers had enough wages to become consumers. The high wage was also a means of control as workers accepted high wages as a compromise for working under an extremely rationalised labour process system (Sayer & Walker 1992). For the productivity model of Fordism to succeed, a consumer class had to be created. In this sense, Fordism’s high wage rate ensured that both wage earners and the general population would benefit from the ‘increased productivity gains’ of the Fordist ethos of production (Lipietz 1992: 11). For both wage and non wage earners, Fordism consisted of more than labour process. It also represented a series of legislative and contractual forms of regulation in which the purchasing power of individuals was increased and full employment virtually ensured (Lipietz 1992). Indeed, the Fordist era gave rise to the idea of a family wage where it was sufficient for one person per family to work to support his (invariably it was a male) family.[11] For Fordism to reproduce and survive, mass production had to be in balance with mass consumption.

Third, the ‘modes of regulation’ that had to exist for Fordism to succeed consisted of at least three key processes.[12] The first of these processes was the implementation of social legislation that covered minimum wages, generalised collective agreements that ensured

employers gave their workers regular wage increases that were tied to increased productivity gains (Lipietz 1992). It is important to note that gains made to benefit workers were made by workers themselves (in the form of trade unions), and were not merely given to workers by the state or employers. An unintentional consequence of Fordist production was that it requires large numbers of workers to physically work in once space, which facilitated the organisation of workers in trade unions; it was the collective strength of workers that sealed many of the collective agreements regarding workers' wages and conditions of service (Allen 2004).

Fourth, there was the ascendancy of the welfare state and its support of full employment and secure labour markets (Harvey 1990). The actions of the welfare state meant that the capitalist state was an active agent in controlling the economy. It was an embodiment of an advanced system of social security, which ensured that both wage earners and non wage earners became consumers even when prevented from earning a wage through sickness, retirement, disability or unemployment (Lipietz 1992). The welfare state meant that the state was an active agent in the economy. It had to stimulate growth, often by heavily subsidising Fordist enterprises to preserve the balance between mass production and mass consumption. The state was also responsible for controlling the economy through regulating the banking system by facilitating or hindering the availability of credit to firms, and thus impacting on investment in the economy (Boltanski & Chiapello 2005). The state could further direct the economy through state spending and budget deficits. However, the increased role of the state or the idea of a welfare state does not imply that there was more public ownership of production.[13] In any event, even if there was public ownership it would not negate the Taylorist and Fordist principles of organising the labour process. Then there was the issuing of credit money (paper money) as states sought to circulate money as demanded by the economy, and not as a function or link to available gold reserves (Lipietz 1992). The state's use of various mechanisms to spur or constrain investment became known as Keynesian policy (Lipietz 1992).

The Fordist labour market

The idea of a welfare state, and its various interventions in the economy, had profound implications for Fordist labour market formation. The state advocated the right to labour and the rights of labour. The labouring man was a positive development. The century of the labouring man, as Guy Standing (1999) refers to the 20th century, was epitomised by the developments of five very specific types of labour market security. These types of security defined the Fordist labour market (Standing 1999), and have all become insecurities in the 'brave new world of work' (Beck 2000), as will be shown in the section on post-Fordist labour market formation.

The first of these securities is employment security. Employment security refers to protection from arbitrary dismissal and the applying of penalties by the state on employers that did arbitrarily fire workers. The second type of security that evolved in the era of market regulation was job security. This refers to the idea that a worker's job is protected from excessive deskilling, that is, some form of occupational mobility in the organisation. Third, is work security, which refers to workers' rights to occupational health and safety on the job. The fourth is skill reproduction security – in the Fordist era, employers and the state had

to cover the costs of reproducing labour and hence labour's skill. This reproduction takes place through schooling, for example. Wages and state subsidies had to cover these costs. Unfortunately, the shift to post-Ford ways of organising has eroded labour or skill reproduction security as there is a shift from the family wage and the welfare state to the individual wage and more 'privatised' state. Fifth, is representation security. This refers to the relative health of trade unions and workers organisations to represent and advocate the concerns of workers. The rise of the industrial union was a major outcome of the Fordist era and a number of important gains were achieved through collective bargaining. Representation security is on the decline as trade union numbers drop severely, particularly in the West, whilst in countries like Brazil and South Africa the trade union movement remains relatively strong (Pahle 2015).

These five types of security became the defining features of the Fordist labour market and their subsequent erosion has produced certain outcomes for labour markets in a post-Fordist mode of regulation as demonstrated later in this chapter.

The crises of the Fordist mode of production

The 30 glorious years of capitalism, or the golden age of capitalism, began to show strains at the end of the 1960s (Boltanski & Chiapello 2005). The strains were felt at both national and international levels and particularly in the world of work. There were five key reasons for the crises and subsequent decline in the Fordist mode of regulation. These were: the globalisation of Fordism and the subsequent decline of the high Fordist wage, the tendency for the rate of profit to fall, the decline in productivity levels, the 1970s oil crises, and the end of the Bretton Woods system.

The globalisation of Fordism and the decline of the Fordist high wage

As Fordism became increasingly globalised from the mid- to late-1960s, and was exported to the developing world, there was intensification in the creation of global markets and production networks. As a result, cheaper labour was sourced outside the core capitalist countries, and an imbalance quickly developed in wage levels between workers in the advanced capitalist countries and workers in the developing world. Rigid wage contracts and the high wages of Fordism became a barrier to both the competitiveness and profitability of the traditional Fordist organisation (Glyn 2006).[14] From the early 1970s, we can observe a steady erosion of wage levels in the advanced capitalist countries (ACCs) and, from 1978, low wages become a mantra in these countries (to a lesser extent in Japan, where the trend has occurred more visibly from the 1990s). Although from 1982 we can observe a levelling of wage cuts, they never returned to previous levels in terms of real wage levels (Armstrong et al. 1991). The highest drops in wage levels occurred in France, Britain and the United States. This is in keeping with Harvey's (1990: 192-193) assertion that 'the devaluation of labour power has been a traditional response to falling profits and periodic crises of commodity production'. Comaroff and Comaroff (2001) extend this argument by asserting that whilst global labour markets in commodities and services have grown, this has not been met with a simultaneous unrestricted flow of workers, whose movements are still regulated by nation states.

Fall in productivity rates

With the benefit of hindsight, we can now explore the productivity output statistics for the period. As Glyn (2006: 15) asserts, 'The slowdown in productivity growth which occurred in the early 1970s was not widely recognised at the time.' The late 1960s saw productivity decline in almost all industrial sectors in the advanced capitalist countries. The decline in productivity can be attributed to two key factors. One, the limits of the Fordist labour process. As Glyn (2006) contends, the Fordist labour process and its use of the assembly line implied that additional investment yielded smaller productivity gains that, in turn, discouraged investment. Two, organised labour was quite militant and proved to be a challenge to employers. The late 1960s and the 1970s were marked by high levels of industrial conflict (Glyn 2006) that translated into a staggering number of days of lost productivity.

The Taylorist and Fordist labour process was a key instigator (though not the only one) of the general crisis in capitalism during the 1970s. The rationalised labour process has severely compromised quality of production as quality was often sacrificed for quantity (Castells 2000). Consumers were becoming more sophisticated and Japanese production systems and methods were ensuring both quality of product as well as profits. The just-in-time system (JIT)[15] of production, or Kan Ban system initially used by Toyota, proved that consumers could recognise and prefer better quality products over mass-produced, low-quality products. The oil crises also ensured that consumers preferred the smaller Japanese cars (in terms of fuel capacity) to larger American models for vehicles (Thompson & McHugh, 2009). Given the massive deskilling that was at the heart of the Fordist labour process, the best option of increasing worker productivity was to further mechanise the labour process instead of reskilling workers. However, the cost of mechanisation was prohibitive and involved complex design, which meant time delays from design of machine to actual implementation on the factory floor.

Compounding the decline of productivity was a series of workplace conflicts that occurred during the 1960s in the West. In France particularly, workers, especially low-level white-collar workers, rebelled against the extreme Taylorist engineering of their jobs. By the early 1970s, workers' protests had increased as employers attempted to increase or maintain profits by compromising on workers' employment security and wage security. Strikes in Europe and North America were becoming increasingly common, though strike activity declined substantially by the end of the 1970s (Boltanski & Chiapello 2005). The end of the 1970s decade saw the fallout as states and capital battled to balance mass consumption with mass production as well as deal with worker rebellion. Mass redundancies of workers saw trade union membership decline sharply and, for business productivity, gains and profits declined profoundly in almost every industrial sector. Soon the term 'sunset industry' would encompass the ill-fated fortunes of these industries (Castree et al. 2004).

Fall in profit rates

However, despite the decline in manufacturing and productivity, real wages continued to climb higher. In addition, the cost of fixed capital (buildings and machines) in relation to the total workforce also rose (Lipietz 1992). Given this situation, and allowing for inflation, business profits began to be severely compromised.

As employers in the West scrambled to ensure profits, they marked up the price of their goods, which subsequently increased cost inflation. To reiterate, one of the premises of Fordist regulation was to balance mass production with mass consumption, and when the cost of goods increased significantly wages had to follow suit. However, at the end of the 1960s this was not to be, and prices of goods were soon much higher than the wages that workers were paid. With the drop in purchasing power, demand for consumer goods fell. With the drop in demand, especially in the car and construction sectors, profits fell and recession loomed threateningly on the horizon. The Fordism mode of regulation was indeed in crisis (Boltanski & Chiapello 2005).

A retrospective analysis of the statistics of the time by scholars of Fordism such as Harvey (1990), Lipietz (1992), Allen, (2004), Castree et al. (2004), Glyn (2006), and Boltanski and Chiapello (2005) demonstrates that, as real profit margins declined, so too did the rate of investments. Further, where investments were made, each investment made was more capital intensive, with labour being replaced by fixed capital (technology). A result of this was that fewer jobs were being created per new investment. The combination of real wages in the West declining and the rise in unemployment (as capitalists invested in new labour saving technologies) contributed to the period of economic recession (Grint 2005). The decline of Fordism would have created a much more profound crisis were it not for the continued existence of key features of the welfare state. Unemployment benefits and other forms of social welfare served as a strong social net during the crisis by ameliorating many of the effects of unemployment and low wages for workers (Sayer & Walker 1992). The social net remained in place for the first half of the 1970s. However, for the social net to stay in place taxation levels had to be high and this displaced the burden onto those in waged employment. Employee (wage) and employer (from profits) contributions towards the fiscal state coffers of states further dented the profitability of businesses. As pressure mounted on the social net through declining profit rates, the legitimacy of the welfare state and its benefits was debated. By questioning the need and efficiency of a welfare state, economists, academics and politicians were also questioning Fordism as a regime of accumulation and a mode of regulation (Sayer & Walker 1992).

The Fordist compromise, which was essentially the deskilling of workers, the increased mechanisation of work, the detailed division of labour, the separation of the conception and execution of the process in return for lifelong employment and high wages as a means of increasing workers' purchasing power, was coming to an end.[16]

The 1973 oil crisis

Fordism's boom years were also severely affected by two global economic crises of the period. These are the 1973 oil crisis (Yergin 2011), and the collapse of the Bretton Woods system (BWS) and subsequent emergence of the Eurodollar currency market.

If the globalisation of Fordism and the subsequent devaluation of labour power was the first impetus to a crisis, then the 1973 oil crisis was the second. The reasons for, and nature of, the crises are extensively discussed in Chapter 4 of this book. I limit this section to a few key points.

The 1973 oil crisis severely impacted on the supply and price of oil to consumer countries. Oil prices soared to more than four times their previous levels. The price rises occurred within a context of increasing economic difficulties in the advanced capitalist countries. Production output was declining, inflation was high and wage demands and levels continued to be high (Yergin 2011). Fordist production by its nature demanded heavy energy and petroleum use, which was no longer sustainable under the new oil price regime. For the firms that succeeded in the transition to lean and mean technology production, Fordist labour processes and accumulation became irrelevant as demand dropped and profits reduced.[17]

Whilst the oil crisis certainly contributed to the demise of the golden age, it by itself was not enough to cause the stagflation post 1973.[18] The Fordist regime of accumulation was in trouble prior to that due to the reasons discussed earlier in this section. Surpluses of labour and reduced profits would have occurred in any event, and signals at the time were pointing to a crisis even before the oil debacle. A hiking of oil prices would only be an effective OPEC strategy if demand for oil was high by consumers in ACCs, particularly the US and Britain, due to their energy-intensive production methods. The demand for oil was so high during the golden accumulation years that it created some concern amongst economists and environmentalists that a 'depletion horizon' was being reached. The impact of the oil crisis was not uniform for the ACCs. For example, Japan and Britain suffered much more than the USA. What was produced, however, was a surplus of financial capital, which contributed to the overaccumulation crises of Fordism. The OPEC fourfold increase in the price of oil resulted in consumer countries paying in excess of almost US$50 billion (Held et al. 2000) in revenues. The OPEC countries were unable to spend this additional income on physical capital investments and instead they played the money on the international money markets, further aiding the financial speculation caused by the collapse of the Bretton Woods system (BWS).

The collapse of the Bretton Woods system and the emergence of the Eurodollar currency market

The 1944 Bretton Woods agreement was based on the premise that 'national monetary autonomy was essential to the successful management of a macroeconomic policy geared to full employment' (Held et al. 2000: 199). This view was held by both British and American negotiators. The driving principle of the BWS, as reflected by the International Monetary Fund (IMF), was 'a commitment to the promotion and maintenance of high levels of employment and real income, and the development of the productive resources of all members as primary objectives of economic policy' (Held et al. 2000: 200). The implication for this principle was that domestic concerns of economies were to take precedence over global financial activities. The BWS required a fixed exchange rate of every currency to the US dollar, with the dollar fixed at US$35 to an ounce of gold. The BWS became institutionalised with the IMF and World Bank acting as its enforcers.

It allowed countries to maintain autonomy of their national economies whilst also allowing for expansion of their economies beyond their national borders. However, the BWS came under threat from various quarters. First, an emerging and rapidly expanding private financial

industry undermined these regulated markets and let loose financial speculation (Glyn 2006). Second, there was a shift in investments from US Banks to Western European banks by Soviet banks from 1950. Many more investors were to follow the Soviet example. The European banks realised that they could loan these dollars out to borrowers (corporates) and make a profit from the interest instead of converting the money into their national currencies. These investments became known as Eurodollars. Eurocurrency lending as a business grew rapidly since it absolved investors of the national regulations that governed domestic banks and were not subject to national capital controls (Held et al. 2000). The death knell for the BWS was finally sounded in 1971 when the US announced it was no longer participating in a fixed-exchange currency system. This, combined with the oil crisis of 1973, compounded the world's financial crises and, in the words of Bell and Sekine (2001: 46), 'let loose the international money games that have wreaked so much havoc in our time'. These money games extended well into the 1980s as the surplus of capital generated from the oil crisis continued to circulate through the global financial arteries of capital.

It was a confluence of these two events – the 1973 oil crisis, the collapse of the BWS and the subsequent emergence of a Eurodollar currency market – that further contributed to crises in Fordism. Financial trends would further be marked by a shift towards austerity, deregulation and privatisation as consequences of the Fordist crises (Glyn 2006). It was the effects of these events that sent shockwaves to many global industries. This included the world's shipping industry, forcing shipowners to invent new strategies to cope with the consequences of these developments. As will be shown in Chapters 4 and 6, these new strategies of shipping companies to survive and accumulate profit in a new capitalist era were instrumental in reshaping the global labour market for seafarers.

The above discussion of the causes of the crises in Fordism demonstrates that crises cannot be assumed to be always initiated by surplus labour and surplus capital combined with lack of new investments (as Arrighi and Knox assume). Certainly, one of the consequences of the Fordist crises was greater unemployment for labour in the advanced capitalist countries, and it is also true that there was surplus capital or 'oil dollars' that circulated the global economy, but again this was a consequence of the oil crisis and the collapse of the Bretton Woods system. Further, Fordism relocated factories and its labour process to the developing world, thus seeking and finding new places to invest in.

The emergence of a post-Fordist mode of regulation

To reiterate, the Fordist crises cannot be solely attributed to the tendency of the rate of profit to fall. Whilst it is a truism to note that profit levels did fall as high wages put pressure on profit rates in the 1970s, this was only one of the factors that contributed to the crises. Contributing to the crises was the falling rate of profit, the decline in productivity levels, mainly as a result of the limitations of the Fordist labour process (Glyn 2006), the globalisation of Fordism, the 1973 oil crisis, and the end of capital controls and beginning of free trade due to the end of the Bretton Woods system. In many respects, the attempts to ameliorate the falling rate of profit sowed the seeds for the emergence of a post-Fordist mode of regulation.

Ameliorating factors in the tendency of the rate of profit to fall

Contemporary Marxists are quick to point out that Marx refers to this as a tendency rather than a law because his work demonstrates that the rate of profit falls only if the rate of exploitation of labour (measured as the rate of surplus value)[19] increases by a lesser amount than the organic composition of capital (Harman 2012). Therefore, it remains a tendency since there may be countervailing (Fine 2013/1982), or what Jalée (1977) refers to as contradictory, factors that ameliorate the falling rate of profit. These ameliorating factors could be fivefold (Harman 2007).

First, there could be an increased intensity in the exploitation of workers. For example, a transnational corporation using the same types of equipment will make more profit in the Philippines or Vietnam than in London or New York because it will pay much lower wages. The Filipino or Vietnamese worker in this case will work fewer hours for herself and more hours for her employer than the worker in the USA or the United Kingdom. Similarly, as we shall see in Chapters 5 and 6 of this book, merchant shipping companies have shifted to new locations or labour markets to hire seafarers as a means of ameliorating the falling rates of profit for the shipping industry during the 1970s. These falling rates of profit were due to a myriad of factors that constituted crises in the accumulation and operational strategies of commercial shipping as will be demonstrated in Chapter 4.

A second strategy for industrialists could be to reduce wages below the value of labour power. However, wages cannot fall below zero nor can the turnover period of capital fall below zero. As is demonstrated in the chapters that follow, with regard to seafarers, wages were driven down as the commercial shipping industry attempted to increase profits by sourcing labour from new seafaring labour markets. However, as demonstrated in Chapter 5, the 'race to the bottom' in terms of wages for seafarers has not occurred for unionised seafarers, though seafarers who are not unionised at a global level are often exploited in terms of wages and working conditions.[20]

A third strategy would be for capitalists to reduce the costs of constant capital through various means. One of the most significant modern examples of this was the technology revolution of the 1970s with the advent of the computer chip. The cost of one unit of computer memory fell a thousandfold between 1970 and 1979. Therefore, when technology and machinery cost less, the amount of total invested capital increases more slowly, even as technology replaces labour. The technological revolution in the 1970s, combined with the oil crises of 1973 and 1979, spurred commercial shippers to design technologically advanced ships that would run more efficiently on cheaper grades of fuel as well as less fuel. In addition, new technologies as demonstrated in Chapter 4 drastically reduced the number of crew required to man all types of commercial vessels. So, rather than become more labour intensive, shippers became more capital intensive in their strategy by purchasing more expensive but technologically advanced ships. Even shipbuilding progressed from a more labour-intensive to more capitalist-intensive enterprise.

Fourthly, Jalée contends that capitalists could call upon a reserve army of labour to slow down or prevent the tendency. It may be argued that, in many ways, this is what commercial shippers did when locating new sources of cheaper seafaring labour. The fifth strategy

could be to facilitate and shape foreign trade or trade across borders as a means of reducing the costs of industrial inputs and consumer goods. In other words, foreign trade benefits capitalists especially 'when trade is an acceptable means of cheapening food and raw materials which enter the working class diet since lower prices of necessities diminish the level of subsistence wages' (Lekachman & Van Loon 1981: 76). Thus as a class, capitalists need to ensure that the rate of profit does not fall by getting workers to work longer hours and more intensely, as well as by prodding the basic needs of the working class (such as food, clothes, shelter) as cheaply as possible. They also need to get consumers to buy the goods that workers produce as cheaply as possible, so that the consumers pay substantially more for these goods than it actually costs to manufacture them. Since the 1970s, we have witnessed the workers being split into core and peripheral categories to differentiate between skill levels – with those in the periphery being the most expendable. Changes in the labour process to facilitate the exploitation of workers, the introduction of globally spread free enterprise zones and the sourcing of new, cheaper labour from global labour markets have all been strategies used to prevent the fall in profit rates (Harman 2012).

Contemporary Marxist economists (for example, Vidal et al. 2015) have tended to restrict their analyses to whether the gradual cheapening of the constituents of constant capital can indefinitely counteract the tendency of the rate of profit to fall. The cheapening of constant capital through technological innovation is at the heart of this analysis. Marxists like Harman (2012) contend that the ultimate cause of economic crises in capitalism can be attributed to the long-term effect of labour-saving technological innovations. The consequence of the falling rate of profit (when it reaches a point where it stops the total mass of profit in the economy from growing or growing at a sufficient rate) is a crisis of overaccumulation. These crises can be described (but not explained) by rises in unemployment, lack of investments, and high inflation. However, many of Marx's critics contend that by raising productivity, labour-saving technologies increase the rate of profit and that it is impossible to predict how the average rate of profit will develop over time. Marx's interpretation of the tendency of the rate of profit to fall is therefore overly deterministic. This book argues that it was during such a period of crisis in the 1970s that commercial shipping restructured as a means of restoring profitable operation and production.[21]

Post-Fordism as a mode of regulation

It is not analytically useful to see the end of the Fordist compromise as a discrete ending of that regime of accumulation. There have been very definite trends towards a post-Fordist world of work though, in practice, both Fordist and post-Fordist workplaces and labour processes often exist side by side in both developed and developing countries. Some Fordist industries have declined, whilst others continue to grow (Swyngedouw & Moulaert 2015). The decline of Western Fordist industrialisation does not imply that this type of industrialisation has declined globally, either (Yamada 2012). The examples of the growth of Fordist manufacturing plants in China and India today are prime examples of that. This often depends on the sector of work that is involved or the type of product being produced. Keeping in mind the dangers inherent in binary and dualistic thinking, there are some key differences between Fordism and post-Fordism with regard to the workplace. These are represented in the typology provided by Allen (2004) in Table 2.1 below.

TABLE 2.1: *Allen's typology*

Old times/Fordism	**New times/post-Fordism**
Rigidity	Flexibility/responsiveness
Mass production	Small batch production
Dedicated machinery	Flexible machinery
Standardised products	Differentiated products
JIC/Large stocks	JIT/minimal stocks
Taylorism/deskilling	Post-Taylorism/enskilling
Vertical integration	Vertical disintegration
Global firms	Industrial districts

Source: Allen 2004

'Old times' refers to work organisation under Fordism whilst 'new times' refers to post-Fordist work organisation. The above typology draws conceptual distinctions between the way work and production take place under these two systems of work organisation. The reality, though, is that whilst the above distinctions are conceptually useful, the world of work can be a mixture of old times and new times.

For Harvey (1990), the shift to new times or post-Fordism is very much a shift to a new mode of regulation for capitalism. He terms this new strategy 'flexible accumulation' (Harvey 1990: 141). Flexible accumulation strategies were very much a response to what capitalists and some economists saw as the all too rigid accumulation strategies of Fordism. The mass production systems, labour markets and commitments of the state were seen as too rigid, and because of their rigidities unable to cope with the several economic shocks that characterised the 1970s (Harvey 1990). Flexible accumulation therefore marked 'a direct confrontation with the rigidities of Fordism' (Harvey 1990: 147). The key features of this new type of accumulation area shift to flexible labour processes, the creation of flexible labour markets and, thirdly, the creation of flexible products and patterns of consumption (Harvey 1990).

Outcomes of these various features and processes of flexible accumulation are fourfold. First, there is the increased pace and scale of uneven global development. This is characterised by new spatial terrains of capitalist investment, the creation of new labour markets and decimation of old (Fordist) labour markets and the creation of new consumer markets. Second, there are new sectors of production that are thriving in a post-Fordist economy. Third, there are new ways of providing financial services and, fourth, there are much-intensified rates of technological, commercial and organisational innovation (Harvey 1990).

Post-Fordism and the labour market

In this section, I argue that there were certain features that defined the post-Fordist labour market. This demonstrates in some important ways the different ways in which different modes of regulation (Fordism versus post-Fordism) impact differently on the nature of labour markets. In so doing, it helps me fulfill a key purpose of this chapter, which is to show how capitalism shifted from one mode of regulation to another and what these modes of regulation entail. It also serves to empirically support my assertion in Chapter 3 of this book that the modern-day labour market for seafarers can be considered to have the features of both Fordist and post-Fordist labour markets. I consider the nature of the post-Fordist labour market through a review of the following topics. First, I look at the post-Fordist labour process. Second, this section examines the rise of the flexible organisation; third, it looks at the casualisation of work and its implications for the labour market. Fourth, it examines labour cost flexibility; fifth, it looks at employment flexibility and, finally, it investigates the growth of temporary employment agencies as a global post-Fordist phenomenon.

The labour process and functional flexibility

Here I discern some of the key features of the post-Fordist labour process[22] and relate it to the idea of functional flexibility. The first feature of the post-Fordist labour process is the shift towards multiskilling of workers (Thompson 2013). The Fordist and Taylorist labour process was premised on the deskilling and the separation of manual and mental work, which often meant that workers were engaged in long, repetitive tasks with very little opportunity to learn new skills. Post-Fordist labour processes advocate multiskilling of workers. This is based on the belief that multiskilled workers are more productive as boredom is negated and employers gain employees who can perform a myriad of tasks in the event of employee absenteeism or organisational restructuring (Boltanski & Chiapello 2005). This, in effect, leads to the first way in which a post-Fordist labour process operates, that is, the intensification of work for the same wage rate. As Boltanski and Chiapello (2005: 249) contend:

> Semi and unskilled workers are recruited on the guaranteed minimum wage even when they perform tasks of quality control, adjustment, maintenance, production management, which were all considered skilled when they fell to staff not directly involved in production, but are no longer deemed so when performed by an agent of production.

The second feature of the post-Fordist workplace is the new ways in which control is exercised against workers on the shop or office floor. This applies equally to blue- and white-collar workers. The advent of new technologies means that information technology can be used as a form of monitoring of productivity and, hence, is an important form of control of the labour process. Control is also exercised through team working and teleworking (Ingvaldsen 2015). For workers in teams, control is now internalised as workers have to manage themselves and meet sales targets, for example, by disciplining and controlling each other's performance. Teleworking is an increasingly popular way of working that is facilitated by new developments in technology, which allow workers to work from home and out of the office. However, whilst workers may be spatially distant from company headquarters, their productivity is still measured by

management through monitoring software and other technologies. Technology can, however, also bring about more equality in the new workplace (depending on one's skill level). As Zuboff (1988) argues, 'The post-Fordist workplace requires the more equitable distribution of knowledge, authority and responsibility which means dismantling the very same managerial hierarchy that once brought greatness' (Zuboff 1988).

Third, is the tendency of employers to use new layers of skill for less wages as a new form of post-Fordist exploitation (Adkins 2015). Given the state of insecurity in labour markets globally, employers often employ overqualified employees as a means of extracting more value from them. Taylorism tended to treat workers as robots, and the Taylorist labour process was content with the specific task that each worker had to perform. The Taylorised labour process demanded no more and no less that the performance of that specific task. However, in a post-Taylor/Fordist workplace, employers insist on workers contributing more of themselves than the ability to perform a specific task (Grint & Woolgar 2013). Workers often have to commit a range of behaviours or additional skills in the performance of their tasks. These include the ability to relate to other people, emotional labour, flexibility, adaptability, and commitment beyond working hours. These were behaviours of workers that Taylorism did not tap into – precisely because it conceptualised workers as automatons (Boltanski & Chiapello 2005). This expectation is more than emotional labour but, rather, what the authors cited above refers to 'a deeper exploitation of the layers of skills possessed by workers as people'.

The fourth feature of the new labour process is the shift to individualisation of workplaces and remuneration. The mantra of 'new times' seems to be for workers (certainly for highly skilled white-collar workers) to view themselves as private businesses that have to market themselves to the highest bidder (Thompson 2013). For highly and appropriately skilled workers, the flexible world of work is indeed their oyster and they have some of the highest earning potentials of the labour market. However, as Standing (2014) demonstrates, these workers also have some of the highest stress levels due to the demands of competing for jobs and the stresses of chasing ever-higher salaries. Organisational loyalty, for these workers, is on the decline and in some cases nonexistent. For unskilled or semiskilled workers, as well as some categories of white-collar workers, wages are increasingly related to performance and the ways in which that performance is appraised by management. As Standing (2014) argues, wages are increasingly being composed of incentives, bonuses and performance bonuses as opposed to a basic wage or salary. This is one method that employers have used to increase productivity and profit rates. It is in marked contrast to the high and stable Fordist wage.

The flexible organisation

Now, I discuss the emergence of the post-Fordist organisation[23] and its consequences for workers and the labour market. I limit my discussion of consequences for workers to developments in employment flexibility and employment insecurity and how developments in employment flexibility have impacted on employment security and labour markets.

Scholars agree that post-Fordism has shifted away from the stable employment model to a model that divides the labour market into core and peripheral groups of workers (McFadden 2015). As Standing (1999: 83) contends, the welfare capitalist state and the socialist state

both operated from the premise that 'production consisted predominantly of large stable organisations and enterprises'. In state socialism, these firms became lumbering giants spreading all over towns (Standing 1999). For the 20th century capitalist state, the belief in the large organisation was exemplified by its support of the massive factory with its many levels of bureaucracy, physical immensity, and Taylorised forms of control and mass production. One must be careful, however, about prematurely announcing the death of the Fordist enterprise. As tempting as the post-Fordist trend is, to speak of the death of the large company, much of the structure of the Fordist organisation has been exported to the developing world and, whilst many multinational companies have become leaner in their organisational structure and functioning, I would agree with Standing's (1999: 11) contention that 'the death of Fordism is exaggerated'. So we can only speak of trends in this regard.

The first trend is for organisations to shift to flexible production methods in response to the rigidities of Fordist production methods. Companies became leaner and meaner in their organisational design, as well as their labour practices. Flexible production methods are driven by technological innovation. Consumers now demand sophisticated and customised products that require more than standard assembly line manufacture and design. Organisations have to be able to respond rapidly to gluts and shortages in the manufacturing process as well as trends in supply and demand of consumers. This often means that firms have to have a highly specialised and skilled workforce (Thompson & McHugh 2009).

Secondly, new information technologies mean that firms have become leaner in their bureaucratic structures as they endeavour to be more profitable with fewer levels of hierarchy and bureaucracy (translated as unnecessary costs). The nature of what is produced and consumed in a post-Fordist world has also changed (McFadden 2015). A contemporary firm may just need a few computers, specialised software, and highly skilled experts to compete globally. This drastically reduces overhead costs (McFadden 2015). These types of technologies are no longer the preserve of large companies. Certainly, innovations in computer-aided design and software have allowed firms to produce specialised products at mass-production prices. Globally once-behemoth companies are becoming leaner as they strive to focus on their core business. This involves the downsizing of their head offices, removing layers of bureaucracy and refocusing their business strategies on their core clientele (Thompson & Warhurst 1998). Firms that manufacture single products are often organised as virtual networks. IBM is perhaps the most often quoted example of this. Multiproduct firms are organised as alliances of networks. Examples of this would be Toyota and Johnson & Johnson (Badham 2005).

The post-Fordist firm has not integrated its suppliers into its bureaucracy as Ford and General Motors did during the 1960s and 1970s. Nike, for example, does not actually produce any of its products at its headquarters. Instead, production is outsourced globally. This speaks to Standing's (1999) observation that it is increasingly becoming a trend for medium and large firms to 'contract out their employment function' (Standing 1999: 84). For Nike, the function of its core workers is to market its product as well as to design and develop new products. Nike's suppliers do not sell products but, rather, sell production services (Distelhorst et al. 2014). Nike has, in effect, outsourced its unskilled production globally. Given the trend for firms to shift to reduced economies of scale and scope, the average size of firms has reduced over the last three decades.

Thirdly, by becoming leaner and downsizing, firms have shed massive amounts of mainly unskilled labour. Flexible production and its attendant skills have reduced the demand for unskilled labour. As Piore and Sabel (1984) contend in their classic work, numerate and literate workers who are able to manage themselves are often at the core of flexible production. The last 30 years have witnessed a steady decline in the employment of unskilled workers, particularly in the developed world. This decline in unskilled labour is closely related to the decline in union membership in the West, and hence in the power of trade unions in the West, as we shall discuss later in this chapter. The shedding of unskilled labour and the need of firms to attract core skilled individuals has led many scholars of labour to analyse the impact of these developments on the labour market, globally.

For Thompson and Warhurst (1998), a post-Fordist world of work consists of an 80/20 society, where 80% of the world's workers are in insecure, low-paid, temporary and often dangerous jobs. The remaining 20% can be considered part of the core group of workers who will enjoy permanent, secure employment often with benefits in addition to their high wages. This split is increasingly observed in contemporary labour markets (Benassi & Dorigatti 2014).

For Standing (2014), the idea of core and peripheral labour markets permeates his work. He mentions seven types of workers who comprise the contemporary global labour market.[24] Harvey (1990) and Beck (2000) also offer their interpretations of contemporary labour markets and favour the idea of core and peripheral labour markets (Harvey 1990), whilst Boltanski and Chiapello (2005) label core workers as 'cadres' of the new world of work.

The trends discussed above have, in many different ways, been spurred by various processes and pressures of globalisation which, as Standing (2014) and Harvey (2014) observe, has increased the concentration of capital whilst decreasing the centralisation of labour. In concentrating capital, processes of global capitalism have facilitated the organisational flexibility of firms. This has made workers more vulnerable and insecure. 'Old fashioned' large firms have traditionally provided workers with a measure of employment, job and wage security. As these types of organisations shift form and purpose in their attempts to make profit, they are no longer as labour intensive. This has profound implications for the global labour market.

The casualisation of work and its implications for the labour market

There are several implications of flexible specialisation of organisations for the global labour market. These developments point to a more encompassing trend in the post-Fordist labour market that is the general shift to casualisation of work (McGrath-Champ et al. 2015).

The casualisation of work is a defining consequence of the shift from a Fordist mode of regulation and regime of accumulation. The rupture with the Fordist idea of standardised employment and the full-time job and image of the 'company man' who joined the company at 18 years of age and retired at 65 is increasingly becoming the exception rather than the norm. The link between organisational innovations (flexible specialisation) and casualisation of employment has been made by a range of scholars. Companies actively choose

to retain a core group of skilled workers on whom they devote much energy in inculcating loyalty whilst they simultaneously outsource work to contract workers, or hire peripheral workers via labour broking agencies. This strategy is at the heart of flexible specialisation since it allows organisations to focus on their core activities and not carry the financial burden of peripheral workers. As Boltanski and Chiapello (2005: 5) argue:

> The current practice of employing the meticulously calculated minimum number of people to occupy permanent jobs, and using 'outside labour' to fill the rest, has made possible, at the same time as a development of subcontracting, the development of temporary work.

The practices discussed above lay the foundation of the casualisation of labour. Casualisation of work includes the development of temporary work, which may take on different varieties. The organisational drive to new ways of producing necessarily meant a shift towards the reduction of various 'extraneous' costs.

Labour cost flexibility

Processes of globalisation have increased competition amongst firms in the pursuit of profits. Therefore, one of the most sensitive and significant concerns to capitalists is to rationalise labour costs to obtain a competitive edge. This is particularly important when it comes to discussions on the international division of labour and the sourcing of new labour markets (McGrath-Champ et al. 2015). Labour costs include both wage and non wage costs. The ways in which these costs are decided upon and calculated are complex. Standing (1999) identifies 10 such labour costs. Below, I refer to three of these labour costs that I feel are most relevant to the aims of the present empirical investigation.

- Fiscal costs: These refer to the costs that organisations have to pay to the state, usually in the form of taxes. Sometimes the firm also has to pay taxes to the state on behalf of the employee. Standing (1999) contends that fiscal costs can often account for the largest proportion of non wage labour costs. Ironically, fiscal costs could rise as a share of labour costs even if wage rates were to decline or grow more flexible (Standing 1999). Certainly, as Castree et al. (2004) contended, there has been an effort by firms to circumvent paying organisational and employees' fiscal obligations to the state as a means of reducing labour costs. The trend towards deregulation of labour markets has not yet managed to deregulate organisations' fiscal obligations to the state (Castree & Henderson 2014).[25]
- Training costs: Training involves more than merely imparting skills. Types of training are very much sector specific and, depending on individual companies, the cost to benefit ratio of training varies. An increasing trend is to outsource training functions and costs as is done in the shipping industry.
- Labour turnover costs: This includes recruitment costs and dismissal costs and may, as Standing (1999: 99) contends, include 'loss of profits due to having unfulfilled vacancies, inexperienced workers in jobs or diversion of workers to other jobs'. In commercial shipping, the trend is to outsource the hiring of its seafaring staff.

Employment flexibility

The shift to flexible labour markets means that employers want to operate in environments with as few constraints to their employment decisions as possible. To use a well-worn phrase, the ability to hire and fire workers with minimal constraints or impunity is one of the chief ways in which labour markets are made ever more flexible. Standing (2014) and Castree and Henderson (2014) corroborate this view when they argue that the last three decades have witnessed a significant growth in employment or numerical flexibility. In sum, employment flexibility refers to the ability of employers to hire and fire workers with few constraints and low costs. The growth of employment flexibility is one of the defining features of global flexible labour markets.

By employment or numerical flexibility, I refer to the ways in which capital has restructured employment in its quest to become more competitive and increase rates of profits. Organisations have made employment more flexible to facilitate the hiring and firing of workers at low cost and with minimal constraints (Piketty 2014). The main motivation for organisations to be able to recruit and dismiss with relative ease is that the economic and political world, post-Fordism, is more risky due to various processes of globalisation like the rapid spread of new technologies, which expose firms to greater risks. Firms therefore have to be able to respond to crises as quickly as possible and cannot absorb the risks that come from offering full-time stable employment. Secondly, by not offering stable, secure and full employment prospects, firms create higher unemployment rates, making it easier for them to employ from this 'cheaper' more flexible reservoir of labour.

The larger political climate has also changed to accommodate capital's need for more numerical flexibility. There are several ways in which this has happened, and I note five of the six that Standing (1999) mentions. One, the legislative climate globally is shifting to a deregulation of labour laws that are seen as too rigid. There has been what Standing (1999: 101) refers to as the 'explicit derogation' of employment protection through the weakening of legislative protections of workers. Two, there has been an implicit deviation from the Fordist compromise of stable and protected employment in that employment has moved to types of jobs that now enjoy less employment protection than previously. Three, more workers have moved to new sectors of work that are not sufficiently protected by legislation. Four, there is a decisive move of firms to hire significant proportions of flexiworkers and, finally, collective bargaining or concession bargaining has in many countries and industrial sectors of the world facilitated and added to the explicit and implicit derogation of work.

The growth of temporary employment agencies

Last, I discuss the growth and implications of temporary employment agencies for the labour market. I also show that the growth of both temporary employment and associated agencies are worldwide phenomena and global features of the post-Fordist labour market. Labour brokers or labour agencies have transformed the landscape of work the world over (Bautista 2015). These agencies are part of a global trend by companies to contract out their employment function. Labour broking agencies quietly but steadily took root in Europe and North America throughout the 1980s. By the end of the 1990s, the labour agency Manpower

was the largest private employer in the United States with 2 400 offices, globally (Standing 2014). The reason for the popularity of these agencies is that workers in an increasingly flexible labour market have struggled to find stable full-time jobs. Certainly, these agencies have not restricted themselves to the industrialised world, and have flourished globally, servicing potential workers at all skill levels.

In terms of skills, agencies service the full range of workers from highly skilled information technology workers, engineers and chartered accountants to au pairs, call centre workers, low-skilled workers and also seafarers (ratings). Work by Botes (2015) on the rise of labour broking and its policy implications shows that there has been a significant increase in labour broking agencies, or what they refer to as temporary employment services in South Africa. In his seminal work on labour broking in South Africa, Theron (2005: 617) argues that 'the two-tier labour market which business was advocating in 1996 has since been achieved'. Significantly, this two-tier labour market (core and periphery) has been achieved in sectors that, prior to 1996, had enjoyed standard employment. Facilitating the development of a two-tier labour market in South Africa has been the introduction and practice of temporary employment services. For example, the metal and engineering industry in South Africa has experienced a massive loss of permanent jobs. Permanent jobs in this industry declined from 425 000 in 1986, to 315 000 in 1996 and declined further, to 235 544 in November 2003 (Theron 2005). This, the author says, represents a 44% decline in permanent jobs in the sector for the entire period. The number of workers in this sector who were employed by temporary employment services in 2005 was 16 116, which is 6.8% of the total workforce for this industry, though Theron believes the figure to be much higher. Theron (2005) also cites similar examples from the poultry industry in the Western Cape. More than a decade later, these industries continue to experience rapid declines in permanent jobs (Odeku 2015). The empirical point made by the 2005 monograph is that permanent employment is on the decline in South Africa as it is in most other regions of the world.

Furthermore, this decline in permanent employment is marked by a growth of temporary employment services in South Africa (as is the case globally). Certainly, the growth of labour broking agencies from 1980 to the present, as demonstrated by Odeku (2015), shows clearly the shift towards a new ethos in the labour market as workers' labour statuses shift from permanent to temporary workers. The findings of the Odeku monograph further attest to the fact that temporary workers who find employment via agencies are located in various sectors of employment. They range from white-collar workers to manufacturing, engineering and construction sectors. Agency workers were also supplied to the services sectors in South Africa, which includes the information technology, finance, health care, medical and call centre sectors (Odeku 2015). The findings presented by the investigation reflect a more global trend in the growth of temporary employment services, which is a key marker of the post-Fordist labour market.

Benner's (2003) and Fuchs's (2014) work on flexible labour markets in Silicon Valley, and more specifically his analysis of labour market intermediaries, covers a wide range of organisations that mediate employment for information technology workers. A vast scholarship on labour market flexibility makes the point that temporary and agency work is sweeping the landscape of American labour.

Boltanski and Chiapello's (2005) analysis of the dismantling of the world of work in France demonstrates that in 1997 the number of temporary workers employed in France (via agencies) grew by 23%. In France, the number of temporary employment services increased from 600 in 1968, to 1 500 in 1980, and to 4 883 in 1996. In total, close to one and a half million people would have performed at least one temping assignment; this represents the equivalent of at least 359 000 full-time jobs (Boltanski & Chiapello 2005). In 1998 Adecco, the French equivalent of the American temporary employment conglomerate Manpower, became the main employer in France (Boltanski & Chiapello 2005). The 2008 global financial crisis has seen the exponential growth of temporary employment services throughout Europe and the globe (Das 2011). The point made by these South African, American and French examples is that the growth of agency or labour broking agents is a global phenomenon affecting workers at all skill levels.

There have been three outcomes of labour broking agencies for both national and global labour markets. First, as Boltanski and Chiapello (2005) contend, temporary employment services have facilitated the movement of more women into the global labour market, which has lead to a feminisation of the global labour market. Whilst it is true that there are more women in the formal global labour market than ever before, it is equally true that women are situated in the most lowly status jobs at the bottom of the skills hierarchy. Both Standing and Bourdieu and Balazs (1999) concur with this assessment. Second, there has been a feminisation or change in status of jobs. Jobs that have been excessively Taylorised are considered feminised, to denote their low status, even though they may be performed by men (Rubery 2015); and third, there is the creation of a peripheral group of temporary workers who Theron (2005) refers to as an underclass in the workplace. This underclass, of course, would apply to those workers at the lower end of the labour market as opposed to highly skilled knowledge workers, for example.

Often, this underclass of workers is not subject to the same legislative protection as permanent full-time workers. This then means that agency workers do not have the same rights as permanent full-time workers as their rights are curtailed legislatively. Theron's (2005) exposé on labour broking in South Africa, Bourdieu and Balazs's (1999) ethnographic study of flexible workers, Shipler's (2008) engagement with America's working poor and Ehrenreich's (2011) experience of casual, temporary and agency work in the United States all demonstrate how temporary employment consists of various types of insecurity, particularly job, wage and representation insecurity, that Standing (2014) discusses and that I have mentioned in the earlier part of this discussion.

Conclusion

The purpose of this chapter has been to engage in four sets of arguments. First, the chapter argued that the Regulation school of understanding capitalism and its crises offered a convincing explanatory account of how capitalism operates as a mode of regulation. This involved a discussion of what is meant by modes of regulation and regimes of accumulation. These two concepts are key to a regulationist account of capitalism. Second, I argued that capitalism's shift from one mode of regulation to another is a function of crises it experiences.

The literature indicates that crises can either be the result of overaccumulation as posited by neo-Marxists like Arrighi (1994; 2005), or they can be the result of the tendency of the rate of profit to fall as contended by Marx. However, I argue that neither explanation of crises by itself is sufficient to explain crises as experienced by the empirical study of the shipping industry presented in this book. Instead, I posit that whilst the tendency of the rate of profit to fall is the most convincing explanation of the crises experienced in the shipping industry, it is not unproblematic. There are two caveats to this. One, I argue that unlike Arrighi's perspective that falling profit rates are exclusively the product of increased competition amongst firms, declining profit levels are the outcome of a myriad of factors. The sources of declining profit levels may include: global financial crises, crises in the control of natural resources such as oil, fall in the rates of profit, fall in productivity levels and even the militancy of labour. As capitalism encounters these crises, capitalists attempt to ameliorate or prevent profit levels from falling further. Two, I assert that even though Marx recognised falling rates of profits as a tendency and not a law, he could not have anticipated many of the modern ways in which capitalists can ameliorate falling profit levels. This chapter has therefore argued that the catalysts of crises are more complicated than either overaccumulation or the classical Marxist perspective of the tendency of the rate of profit to fall suggest. I further argue that as profit rates are ameliorated, crises are resolved, but their resolution results in new modes of regulation as the emergence of post-Fordism is testament to. New modes of regulation are therefore an attempt to avert the crises from spiralling downwards. Also, new modes of regulation result in new features in labour market formation as the chapter's discussion of Fordist and post-Fordist labour markets has demonstrated.

The third broad argument of the chapter is that classical Marxist and neoclassical accounts of labour markets have made important contributions to the ways in which we understand labour market formation. However, I assert that these accounts may also be limited in explaining new developments in labour market formation. Instead, I offer Guy Standing's (1999; 2014) seminal work on global labour flexibility as a way of conceptualising changes in the contemporary labour market. I contend that Standing has provided both a conceptual and empirical impetus to understanding the ways in which labour markets are formed under contemporary capitalism.

The second part of the chapter, following the regulationist perspective, then argued that Fordism and post-Fordism emerged as particular modes of regulation. These modes of regulation had very specific consequences for their respective labour markets. The chapter shows that for capitalism to shift from one mode of regulation to another it must do so as an outcome of crises. The reasons for the crises were multiple and resulted in global declines in profit levels. It was capitalists' attempts to ameliorate declining profit levels that led to the emergence of a new mode of regulation and new types of labour markets.

The chapter has demonstrated the above arguments in two ways. The first way was to examine the nature of capitalism at a more abstract level. It did this through a discussion of the nature of capitalism and its modes of regulation, the nature of capitalist crises and the implications of these types of capitalist accumulation strategies for labour market formation. The second way was to ground, in an empirical context, the more abstract concepts examined in

the first part of the chapter. It did this through an evaluation of four themes: first, an examination of Fordism as a mode of regulation; second, it examined the impact of the Fordist mode of regulation on labour market formation; third, it examined the nature of the crisis in the Fordist mode of regulation and its transition to a post-Fordist mode of regulation; and fourth, the chapter looked at the post-Fordist mode of regulation and its impact on labour markets. In investigating these four themes, the chapter demonstrates that particular types of crises generated in capital's reproduction have unique outcomes for labour market formation. Hence, the outcomes of different capitalist modes of regulation for labour market formation are different.

By engaging in all the above arguments, this chapter has provided an explanatory framework for the empirical evidence presented in this book. This, in turn, allows me to address the central purpose of the book which is to explore how and why merchant navy seafaring labour markets have restructured under contemporary capitalism. It also allows for the subsequent empirical examination of the ways in which Fordist and post-Fordist modes of regulation have differentially impacted on seafaring labour markets.

Endnotes

1 This does not imply that capitalism is a uniform affair, as attested to by Braudel (1984).

2 A more generic periodisation of capitalist development can be found in the typologies of capitalism found in Wallerstein (1980), amongst others, to categorise capitalism according to its different relationships between factors of production. These categories are:
   - Merchant capitalism
   - Industrial capitalism (Part 1 of which is competitive capitalism, and Part 2 is organised capitalism)
   - Organised capitalism
   - Advanced capitalism (or disorganised capitalism)

3 For Arrighi (1994; 2005), there are four systemic cycles that can be identified, each as characterised by different systems of accumulation. These are:
   1. A Genoese cycle – 15th to early 17th century
   2. A Dutch cycle – late 16th to most of the 18th century
   3. A British cycle – 1850 to early 20th century
   4. A US cycle – late 19th century to the present

   These cycles are named after, and defined by, the sets of governments and businesses that 'led the world capitalist system, first towards the material and then towards the financial expansions' (Arrighi & Moore 2001: 60) that jointly constitute a systemic cycle of accumulation.

4 Nineteenth century social thought was dominated by classical political economy: 'Classical political economy refers to theories developed between the 17th and 19th centuries that sought to conceptualize the structure of society on the basis of an understanding of society's economic foundation' (Clark 1992: 19).

5 Standing (1999: 26) objects to the use of the term 'labour market' since the term 'market' forces us to think of labour as a commodity like any other, to be traded in a market. He is critical of both Marxists and the neoclassical school for conceptualising labour as such. For him, Marx's concepts of labour power and the capacity of labour are too vague and Standing declares, 'nobody in their proper mind would voluntarily surrender their capacity to learn or decide on how much effort to expend, and nobody except in familial or personal relationships voluntarily would devote unlimited time to the service of somebody else'.

6 The key tenets of their theorisation were:
   - The issue of 'value,' that is, the fundamental determinants of relative prices
   - Production and reproduction
   - The distribution of income amongst different social classes (Sheppard & Barnes 1990)

7 Central to Marx's theorisation of value is the notion of commodities. A commodity can be described as 'objects that are produced for the purpose of exchanging them' (Sheppard & Barnes 1990: 33). Whilst commodity exchange is the raison d'être of commodity production, production is NOT reducible to commodity exchange as neoclassical theorists argue. Production refers specifically to the organised labour process on the factory floor (Sheppard & Barnes 1990) – locational decisions as to where to locate production to maximise output – in short, the most efficient design of the labour and production processes to maximise output and profits. Exchange or circulation of goods, on the other hand, refers to consumer demand for specific goods and services, market fluctuations of supply and demand, and price fluctuations for goods and services. In short, whilst production of commodities can be controlled, exchange of commodities is more subject to the whims of the market (Mandel 1984; Sheppard & Barnes 1990). Marx's analysis of production and exchange focused on the observation that commodity production can only be lucrative if the 'effort put into production is more than recouped in the marketplace' (Sheppard & Barnes 1990: 33). Marx then attempted to analyse how the value created in production can be reconciled with the market value obtained from the sale of the commodity.

8 Whilst both Ricardo's and Marx's models are very similar, they differ in two important ways that could be related to the periods in which they were writing. First, Ricardo did not have a developed or consistent theory of value, though in his later works an attempt is made to fully develop a theory of value (Mandel 1984). Second, his work focused on landlords as owners of nonproduced goods. His analysis of conflict and resistance between landlords and capitalists in the 1800s is seen as his most important contribution. His analysis demonstrated that landlords are a consuming class only, and therefore do not aid in the reproduction of capitalism but are rather an impediment to its reproduction and as such do not serve a 'useful' function, as opposed to capitalists who reinvest some of their profits so capitalism can reproduce. The conflict, therefore, is between landlords and capitalists and was appropriate to the time of his writing at the onset of capitalism in Britain (Sheppard & Barnes 1990). Marx, almost 60 years later, shifts the analysis and conflict to one between labour and capital. Marx also developed a theory of value that abandoned Ricardo's notion of a naturally defined measure of value (such as corn, for example) and shifted his theory of value firmly to workers and their labour (Mandel 1984).

9 The roots of the marginalist revolution go as far back as the 1860s, though this new method of economic analysis only achieves mainstream recognition until the 1890s (Clark 1992).

10 The discussion on Fordism is often limited to developed capitalist countries of the period. In less developed countries, the ethos was to catch up with the Fordist model as it was seen an ideal developmental model for economic growth.

11 This is in sharp contrast to the post-Fordist notion of the individual wage, where wages decline to such an extent that they are not sufficient to support a family, and more than one individual per family needs to work to ensure its survival.

12 Modes of Fordist regulation differed from country to country but despite these differences, there were some commonalities. It is to these commonalities that I refer.

13 This did, however, happen in Italy and France (Lipietz 1992).

14 For Lipietz (2001), the globalisation of Fordism is sufficient to explain its crisis. He advances another reason: that the logical end of the Fordist and Taylorist rationalisation of the labour process will lead to the end of work. He refers to this as the crisis of Taylorism.

15 The JIT system was a contrast to the Fordist just-in-case (JIC) system. The two systems refer to the ways in which firms controlled and distributed their inventory. Under the JIT system, firms would form close relationships, spatially, with their suppliers so that parts could be delivered quickly – just in time – and efficiently with minimal delays since suppliers were physically located very near the manufacturer. Under the JIC system, parts were often stored on site and as the manufacturing process changed, much of the inventory would become redundant and the manufacturer would be sitting with large stores of expensive but useless inventory. They would keep inventory on site – just in case they needed a part. JIC manufacturers also did not have suppliers located in close physical proximity, and when new inventory was required, it would often take an extended period of time to be delivered. JIC was essentially about 'getting metal out the door', whilst JIT was more focused on quality control and using the most efficient way of inventory control and distribution. There are many other differences between the two systems, but the ones I have outlined, I believe to be the main distinguishing features between JIT and JIC (Thompson & McHugh 2009).

16 One strategy of resolving the crisis of Fordism was to export Fordism to the developing world, where labour is cheaper. This led to the new international division of labour with developing countries engaged in a mainly Fordist type of manufacturing and developed countries shifting towards more service sector type work or 'sunrise' sectors.

17 Production began shifting from what Bell and Sekine (2001) term *jukochodai* [long-and-thick] Fordist production that was energy intensive in favour of *keihakutansho* [light-short-thin] energy-saving production. Fixed physical capital like massive Fordist factories could no longer be effectively utilised to produce profits. This form of production increased the impetus and provided the catalyst in some instances for firms to switch to research and development of high technologies that through commercial applications could find a market. Soon the manufacturing landscape was characterised by 'lean and mean' production of micro-electronics, new carbon materials and biotechnology firms'.

18 At the same time, however, advanced capitalist countries' gross domestic product (GDP) growth levels dropped from an annual rate of 8% in the first half of 1973, to 3% in the second half of 1973. In addition, unemployment levels began a steady increase in the latter part of 1973 (Armstrong et al. 1991). The period became characterised by high inflation and stagnant growth, often described as stagflation by economists. Industrial production amongst the ACCs fell by 10% between July 1974 and April 1975. This trend of falling production continued until 1976. Investment in inventories declined rapidly. Investments, by their nature, are undertaken to produce profit, so if investments fall, profits fall subsequently. In order to seek new sources of, and increases in profits, capitalists began financial speculation as opposed to more traditional investments in fixed capital and production. A rise in foreign currency trading, along with gold, land, real estate and commodity trading began to fuel the new financial speculation. Trading and accumulation of shares and stocks became the new trademark of the period, and lasted well into the 1980s.

19 A surplus value represents unpaid labour (Jalêe 1977).

20 The focus of this book is on unionised labour only, that is, labour that is organised at both a national and global level.

21 For more detailed and sophisticated contemporary discussion and evaluation of Marx's *Das Capital* and the falling rate of profit, the reader is referred to Kliman's (2007) *Reclaiming Marx's Capital: A Refutation of the Myth of Inconsistency.*

22 I limit myself to four features that I think are essential to our understanding of some of the changes in the labour process. These are by no means definitive as the vast literature will attest to, but do serve the purpose of the chapter and book. Labour process issues can also be very industry and sector specific.

23 A discussion of the post-Fordist transformation of shipping organisations is provided in Chapter 4 of this book.
24 See Standing (1999) Chapter 8, where he distinguished which workers comprise the core and the periphery, specifically pages 280 to 289.
25 Subsequent chapters discuss how shipping companies have attempted to circumvent their national fiscal obligations through flag of convenience shipping and how this has in turn facilitated the development of global flexible labour markets for seafarers.

CHAPTER 3

Making sense of the puzzle of seafaring labour markets

Manila

In 2003, I visited the Philippines for the first time. At the airport in Hong Kong and again at the airport in Manila, I was confronted by the sight of hundreds of Filipino migrant workers, including seafarers who were returning home. What for me had heretofore remained a largely theoretical project, exploded into real-life technicolour. I had many conversations with seafarers on that first trip, ironically on an airplane and not a ship. I had interviewed South African seafarers before, but nothing prepared me for the sheer scale of the number of Filipino land- and sea-based workers who crisscross the globe all the time. Statistics cannot fully express the weight of lives in constant motion that has become a central globalising process of contemporary capitalism. My work in the United Kingdom and South Africa never captured the same rush of a people and a country that constantly seemed to be mobile. Subsequent visits to the Philippines via Dubai and Singapore became part of my research process, yielding ongoing opportunities to engage Filipino workers returning home to Manila. It was during my first 2003 trip that my fate was sealed as a researcher wanting to explore changes in the seafaring labour market. As the hefty airbus approached Ninoy Aquino Airport in Manila to land the passengers, mostly migrant workers, began singing a song of which I understood the chorus, 'I keep coming back to Manila.'[1] I subsequently asked a Filipino friend for the lyrics to that song and include them here to give an indication of the mood the song conveys:

Maraming beses na kitang nilayasan
Iniwanan at iba ang pinuntahan
Parang babaeng mahirap talagang malimutan
Ikaw lamang ang aking laging binabalikan

[Manila, Manila
I keep coming back to Manila
Simply no place like Manila
Manila, I'm coming home

I walked the streets of San Francisco
I've tried the rides in Disneyland
Dated a million girls in Sydney
Somehow I feel like I don't belong]

Hinahanap-hanap kita Manila
Ang ingay mong kay sarap sa tenga
Mga Jeepney mong nagliliparan
Mga babae mong naggagandahan

[Take me back in your arms Manila
And promise me you'll never let go
Promise me you'll never let go

Manila, Manila
Miss you like hell, Manila
No place in the world like Manila
I'm coming here to stay]

The singing of that song on the airplane captured both the nature of my 'outsiderness' to a shared homecoming process, and simultaneously eased my anxiety about working in a foreign country, since any country that has such amazing singers and songs can only be wonderful. Needless to say, that anxiety never returned.

Anxiety did manifest, however, when I began thinking about how to make sense of the puzzle of globalisation and global labour markets. But, to invoke a cliché, it is all about eating the elephant one bite at a time. My first port of call (excuse the pun) was to make sense of the global picture of the seafaring labour market before honing in on the two cases I was most interested in. What follows therefore is an exposition of the context and trends of this global market. Some of it may be viewed as dry political economy exposition but is necessary to understand the unique configurations and reconfigurations of these labour markets.

A unique global labour market

To make sense of the puzzle of seafaring labour markets we have to understand exactly what we mean by a global seafaring labour market. We cannot conflate the global labour market for seafarers to mean the total world population of seafarers. Instead, the global labour market refers very specifically to those seafarers working on flag of convenience (FOC[2]) ships. These workers account for two thirds of the total world population of seafarers. The remaining one third work on ships that are nationally flagged, meaning that the country of economic benefit (in terms of flagging) is the same as the nationality of the seafarers working on board. Therefore, any discussion of a global labour market for seafarers works from an understanding of the market being largely comprised of seafarers working on FOC ships (no link between nationality of seafarer and flag or ownership structures of ships).

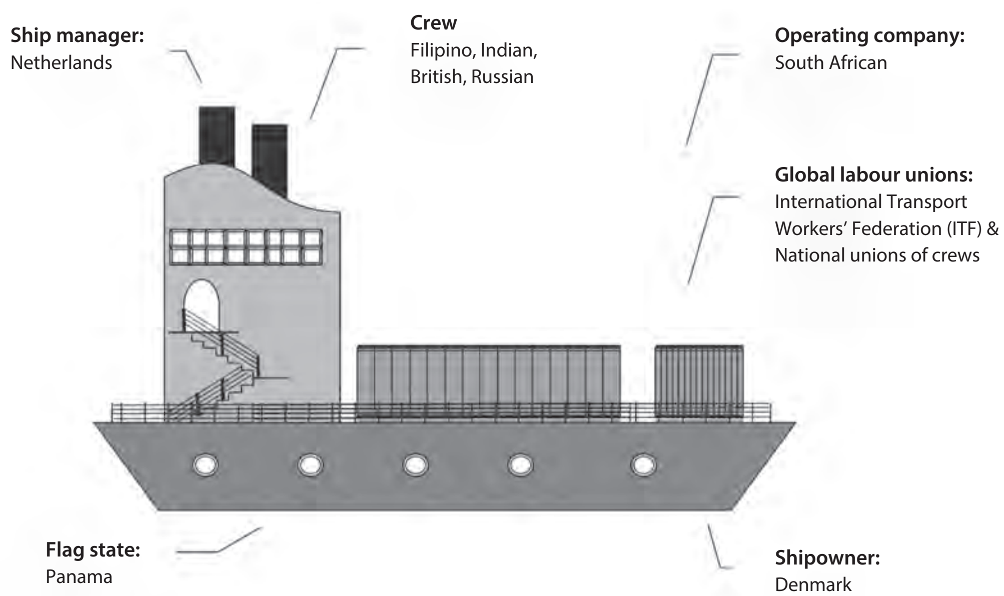
The movement of the shipping industry towards FOC shipping has in many ways produced a unique type of labour market for seafarers. First, the issue of how one conceptualises the global labour market for seafarers arises. Wu (2004) succinctly captures the way this conceptualisation should operate. He argues that whilst one may indeed speak of a global labour market for seafarers in the merchant navy, the global labour market for seafarers takes on a very specific meaning in this context. According to Wu and Sampson (2005), the definition

of the global labour market is related to structures (institutional or otherwise) that govern employment and recruitment. This is the key marker differentiating contemporary seafarers from traditional seafarers.

For centuries, labour from the traditional maritime nations of Europe, such as Spain, Germany, Greece, the United Kingdom, Norway, Denmark, Portugal and France enjoyed secure and fixed labour markets for their seafarers. However, the increasing pace and scale of transnational neoliberal capitalism post 1970 altered both the security and fixity of these labour markets. As these traditional labour markets declined in importance due to the necessarily growth-orientated aspect of capitalism and its subsequent crises, new labour-sourcing markets were created in the developing world. Whilst new labour-sourcing markets were being created for the shipping industry, shipping capital (ownership and control) remained firmly entrenched in the hands of the traditional maritime nations of Europe and, to a lesser extent, those of Asian financiers. Whereas labour and capital historically occupied the same geographical space in the traditional maritime countries of Europe, that space radically reconfigured from the 1970s. Labour in the traditional maritime nations of Europe was made vulnerable by this reconfiguration but shipping capital was able to exploit it, and consolidate its economic power by employing cheap labour from the developing world or countries of the South.

The global nature of the shipping industry is best demonstrated in Figure 3.1 in which I show how an average-sized merchant navy ship can be owned, managed and crewed by nationals from as few as six countries (in most cases more, depending on the size and type of ship).

FIGURE 3.1 *The global nature of the commercial shipping industry*



Source: Ruggunan, 2008

Figure 3.1 also summarises very succinctly the description I have given of FOC shipping and the subsequent global nature of the merchant shipping industry. Note how the operation, management and crewing functions are sourced away from the owning function. These functions (the rectangles in the figure) are separated, often along national lines, with as few as 6 countries involved in the operation of the ship, and as many as 30 countries involved when counting crew.

The unique and hyper-global nature of the shipping industry and the global labour market for seafarers requires unique forms of regulation. I have identified four global labour market institutions that currently play a central role in the shipping industry and the occupational lives of active seafarers. Together, they govern, regulate, advise and campaign on behalf of shipowners and seafarers. A global industry and global labour market such as this demands a huge amount of regulation and work from these institutions. In the most part, they have been successful in curtailing the excesses of both labour and employers, and have arguably prevented a 'race to the bottom'[3] in wage levels of seafarers.

Nationality matters

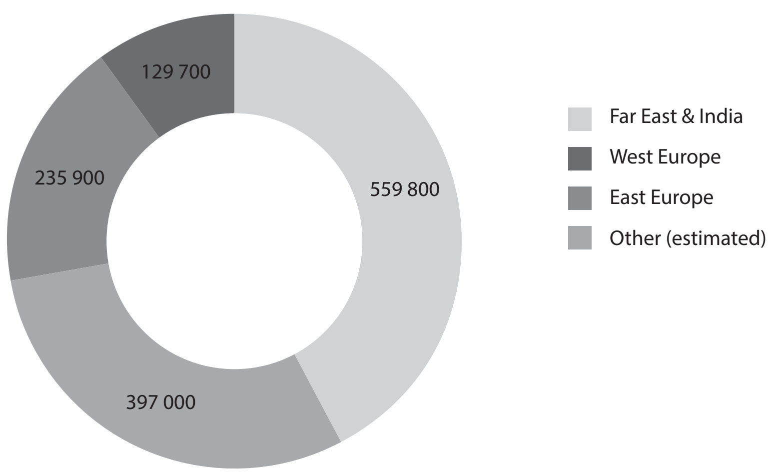
The labour market for seafarers, like most occupations, is not an occupationally homogenous one. It is two-tiered. The first tier consists of officers and the second tier of ratings. Officers are the senior, tertiary-educated crew members, with the most senior being the captain or master of the ship. Ratings, on the other hand, are the 'working class of the seas', firmly situated at the lower end of the crewing hierarchy and labour market. This occupational differentiation of seafarers contributes to new patterns of inequality in the global and local labour markets for seafarers with regard to their recruitment, wages and working conditions. The patterns assume a national or ethnic dimension, with most officers being 'white' people from Europe, North America and, to a lesser extent, Australia and New Zealand (BIMCO 2005, 2010; Drewry Consulting 2012).

My interviews with crewing agencies, seafaring unions and maritime research specialists from 2002 to 2014 indicate that where a choice is available to crewing companies or shipowners, preference is given to European officers or officers from the developed world rather than employment of officers from the developing world. Perceptions of skill become intertwined with nationality and race, with white people being thought of as more skilled and experienced mariners. Contributing to this stereotype is the fact that most officers from the developing world are much younger than their developed-world counterparts, which can feed the idea that older white officers are more experienced. This conception occurs despite the regulation of officer qualifications that have to meet both national and global standards. In theory, all officer qualifications should be of equal value. As officers from the developed world begin to age and natural attrition occurs, the shipping industry will have to make some strategic choices about which countries to hire from. Further, the operation of merchant navy vessels necessitates ships being crewed with more ratings than officers; therefore, ratings are the highest labour cost for shipowners. These occupational categories have implications for the way the labour markets for seafarers operate. Ratings, as the highest labour cost factor as well as being low skilled, are recruited from outside the traditional maritime nations of Europe.

An analysis of the supply of seafarers from regions around the world demonstrates that where national fleets are significant, the number of seafarers from those countries available to crew vessels beyond the national fleet is insignificant. In terms of total number of seafarers in 2012, of the estimated 1.3 million seafarers working globally, 559 800 were from the Far East and India, 235 900 were from Eastern Europe, 129 700 from Western Europe and the remaining 397 000 from the rest of the world, mainly North America, Africa, South America and Oceania (Drewry Consulting 2012). It is interesting to note that the Asian (Far East) dominance of the global labour market for seafarers continues. The low participation rate of Western Europe persists and has stabilised at this figure according to the 2014 report. The 2014 report indicates no change in this geographical distribution of seafaring labour, but reiterates the need for a larger officer pool of seafarers (at the higher skill level) to cope with the growth in the shipping industry. It therefore makes sense to speak of the Far East, India and Eastern Europe and the rest of the world except Western Europe as the established labour markets for seafaring labour in the 21st century. The Drewry 2012/2013 report forecasts that these figures are unlikely to shift significantly in the next three years. See Figure 3.2 below.

At the turn of the century, there were 404 000 officers and 823 000 ratings in the global labour supply market (BIMCO 2000). The manpower update released in December 2005 indicated some changes, none dramatic, but the most significant being a decrease in the number of ratings in the global supply chain. It showed that there were 466 000 officers and 721 000 ratings in the 2005 global labour supply chain (BIMCO 2005). The report also showed that demand for officers outstripped the supply of officers in the merchant navy in 2005. The reports show demand for officers exceeding supply for both 2000 and 2005. However, they predict a gradual increase in the supply officers by the end of 2015. Ratings, on the other hand, will continue to be oversupplied in the global labour market.

FIGURE 3.2 *Seafarer supply by region, 2012*



Source: Drewry Consulting 2012

Key labour market reports from 2000 to 2014 continue to suggest a global shortage for officers. This implies an increased need for the training of officers to supply the merchant navy. The lack of supply of officers reflects an aging officer pool from Europe and North America. This is in keeping with the aging profile of the populations of these continents. Clearly, the training, marketing and employment of officers from the developing world have not addressed this shortage identified as early as 2000. Added to this is the preference of crewing managers to employ European and North American officers over officers from the developing world.

The current shortfalls in the supply of seafarers are expected to correct over the next decade. Both the 2010 BIMCO/ISF Manpower Update and the 2012 Drewry Report are unclear as to how this will occur given the current and projected shortages (apart from suggestions on training). My research indicates that stepped-up recruitment and training drives by many supply countries is one strategy. The other option is for supply countries in the developing world to start focusing on officer training, which they have traditionally ignored in favour of the rating training. Rating training is preferred since it is of a shorter duration and requires less capital investment by trainers and the state.

The 2010 survey demonstrates significant increases in the number of seafarers of all ranks from China, India and the Philippines, as well as in a small number of European countries (BIMCO 2010). Whilst we have to wait for the 2015 report to see if these increases have stabilised or increased, the more recent Drewry Manning Report (2014) indicates that labour supply from Asian countries continues to be strong and that the situation in 2010 has remained relatively unchanged. These statistics demonstrate that Asia and the Organisation for Economic Co-operation and Development (OECD) countries continue to be chief suppliers of officers to the world fleet, supplying a total of 71.1% of officers. Africa and Latin America on the other hand supply 8% of officers, least of all regions surveyed. In terms of ratings, the bulk (51.2%) are supplied from Asia, with the rest being more or less equitably supplied from OECD countries (19.2%), Eastern Europe, 14.6%), Africa and Latin America (15%).

The global financial crisis of 2008 had profound negative growth impacts for the global shipping industry. The demand gap for officers was reduced from the 2005 estimate of 16% to a 2010 estimate of 2% (BIMCO 2010). However, the 2012 Drewry report indicates that cargo shipping is in an upswing with a projected growth of 7%. This is indicative of the cyclical nature of the shipping industry. Given this projection of growth in the industry, there is an expected need for approximately 42 000 officers to service the industry by 2019.

Concomitant with the above economic developments, there has been an increase in the number of cadets being supplied into the global labour market. This increase in supply is the result of responses to estimates made in 2010 by BIMCO, and borne out by the Drewry report in 2012, that projected significant shortages and hence, demand for officers globally. These estimates were made pre-global financial crisis and resulted in global human resource development drives (particularly in OECD countries, the traditional maritime countries of Europe, the Ukraine and China) to certify new officer cadets for the global labour market. A disaggregation of the demand statistics also shows that demand for officers exists mainly for senior officers and

officers of all ranks on product, chemical tankers and gas carriers. Thus whilst demand exists, it exists in a reduced and more nuanced form. The supply of ratings continues to outstrip demand. The most important changes to the supply of ratings is a notable increase in ratings supplied by Ukraine and China, followed by marginal decreases in supply rates from India and the Philippines. The growth in the supply of Chinese ratings reflects China's growing national fleet and maritime economy, whilst the decline in the number of Indian ratings reflects a trend for Indian ratings to explore alternate shore-based maritime career paths.

Age and seafaring labour markets

The phenomenon of aging of crews from the traditional maritime and OECD countries is applying pressure on shipping companies to find new sources of labour. Crews of OECD countries are aging rapidly whilst the number of new cadets and ratings entering the labour market are falling rapidly. This further explains the shift to hiring younger and (as argued by industry) more productive crews. The Baltic and International Maritime Council and the International Shipping Federation predicted in 2010 that from 2020 going forward, more than half of the OECD officers will be well into their fifties and approaching retirement. There are not sufficient numbers of replacement officers in the OECD countries, especially the United Kingdom, to replace this declining pool of officers.

Officers from the Far East are younger, mostly between 31 and 40 years old, and less than 10 per cent over 50. One supposition is that many officers from the Far East choose to retire at a younger age rather than continue to work at sea. If there is a self-selection to retire at 50, then the premise that officers from the Far East will automatically replace those from OECD countries is problematic. In terms of my own research with Filipino officers and ratings, most choose to retire early (by 50) since they have already accumulated enough money to operate businesses back on shore. These include taxi businesses, small to medium enterprises or the purchase of properties to let out to students and other tenants.[4] My interviews with South African seafarers indicate similar ambitions.

Nationality and seafaring labour markets

In the International Labour Organization (ILO) Asian Maritime Report of 1965, Korean seafarers are not featured at all. Filipinos and Indonesians are reported as working on 'small inter-island' ships. By 1970, these patterns change. The first source of cheap labour was Asia in the 1970s, and then Eastern Europe in the 1990s. By 1988 though, there were an estimated 50 000 Korean seamen, half of them working aboard Japanese-owned ships, flagged mainly in Panama. Six years later, in 1994, shipowners in the Republic of Korea were pressing their government to be allowed to employ Chinese seafarers who could be paid half the Korean wage (ILO 2001). By hiring crew from these regions, capital evaded the sophisticated labour regulatory regimes that developed in the traditional maritime nations.

Increasingly, the number of seafarers from the traditional maritime countries of Europe are declining whilst the percentage of seafarers from Eastern Europe, Southeast Asia and the Indian subcontinent are increasing. Seafarers from member states of the OECD constitute

some 27.5% of the global maritime workforce compared to 31.5% in 1995 (Wu & Sampson 2005). Seafarers who work on FOC ships are estimated to be composed of 20% Filipinos. The other nationalities on FOC ships are Russian, Chinese, Indian and Polish.

The drive to cut labour costs due to increased competition and the development of ship management companies contributed to the restructuring of the labour market for seafarers, leading to the increased multinational crewing of ships. Whilst multinational crewing in itself is not unique, what is distinctive is that the crews are overwhelmingly recruited from the Global South and Eastern Europe. This is noticeably apparent when looking at places of origin.

It is interesting to note that officers are still recruited quite strongly from OECD countries and, increasingly, the Far East is becoming a region of choice in the recruitment of officers. Projections made by both the BIMCO Manning Report (2010) the Drewry Manning Report 2012 indicated that, with the aging population of officers in OECD countries and especially the United Kingdom, the Far East will become the preferred hub for officer recruitment.

The trend of re-crewing with cheaper and hence more flexible crew from the developing world and Eastern Europe continued throughout the 1980s. By flexible crew, I refer to the wage flexibility dimension of the labour market. Capital is attracted to ratings who price themselves well below union-negotiated wages. In order to secure work, ratings engaged in a race to the bottom by reducing the wage level they required to secure work. In order to take advantage of cheaper crews, ships had to register offshore on second registers.[5] By 1986, for example, 45% of German-owned ships were registered under flags of convenience. This trend was mainly spearheaded by the need to drive down operating costs. In 1987 Dutch tanker owners were saying that it cost US$1 million a year more to crew a ship with nationals as opposed to cheaper labour. The Danish also acknowledged that they could reduce crewing costs by half by employing cheaper labour. Japan joined the bandwagon in 1988 when the Japanese Ship Owners Association announced that the cost of crewing Japanese ships with 11 Japanese nationals was US$1.5 million a year, as opposed to US$0.4 million a year for a Southeast Asian crew of 22 for the same period of time.

Crewing patterns of FOC ships reveal that the predominant crew nationalities found on ships are, increasingly, nationals of the Philippines and China. However, when one looks at the percentages of officers on board these ships another picture emerges. The figures show a decrease in the percentages of nonnationals employed as officers on the flags listed, with the exception of the United States. The data also indicates an increase in the number of seafarers employed on FOC ships.

Clearly, capital had a significant role to play in the creation of new labour markets for seafarers. The uneven nature of this development, however, was as much labour's doing as it was capital's. Ratings from the South and from Eastern Europe actively chose, either collectively through their unions or individually, to market themselves at a lower rate than their Northern counterparts. Furthermore, these ratings chose not to become unionised by either national unions or the International Transport Workers' Federation (ITF), the international

trade secretariat for seafarers and main lobbyer against FOC shipping and crewing practices. The lack of unionisation of ratings in these countries, combined with little or no labour protection legislation, has contributed to the spatial patterning of the labour market for ratings.

Given that there currently exists a surplus in the labour market for ratings competition amongst ratings from the South and Eastern Europe for work is high. Ratings are willing to work at cheaper wage rates in order to obtain work – knowingly pitting themselves against other ratings in the global labour market. Seafaring labour from the South and Eastern Europe takes an active role in shaping space, even to the point of creating and supporting uneven development. This is in keeping with the arguments of Wills (1998), amongst others, who suggest that labour is proactive in producing uneven development by ensuring that capital is attracted to some regions instead of others. Wills (1998: 115) contends that the 'internationalism of capital has brought the threat of chauvinism, competition and self interest to the labour movement'.

The unprecedented shift to hiring labour from the developing world and Eastern Europe instead of the traditional maritime nations of Europe has resulted in a drop in the ratings labour pool in the North. The last few years have seen attempts by a number of unions and states to ameliorate the effects of a decreasing labour pool of European ratings. For example, in the United Kingdom, labour lobbied for the British government to offer British shipowners fiscal concessions if they hire British ratings (Brownrigg et al. 2001). Similar labour lobbies occurred in Australia (Brennan[6]), Greece (Sambracos & Tsiaparikou 2001), Germany (Van der Linden 2001), France (Cahill[7]) and the European Union (Paixao & Marlow 2001). Labour in these traditional maritime nations (and Australia) are growing increasingly frustrated at the monopoly that ratings from the South have in the global labour market for seafarers. All are lobbying for the end of FOC shipping as a means of attracting ships and jobs. Thus, whilst a strong regional labour solidarity exists amongst labour in the Global North, global labour solidarity amongst ratings remains fractured.

Workers strive to keep capital in their communities because doing so increases or protects their standards of living. Ratings of the developing world and Eastern Europe are not unwilling pawns, dependent on forces outside their control that disrupt their lives, destroy their traditional livelihoods and create new cleavages in local economies and societies. For example, by law, Filipino ratings have to remit 80% of their wages to their families. Jones's (1998) investigation into migration demonstrates how remittances received from migrant labour improve the socioeconomic conditions of the families of migrant workers. Ratings from the developing world seeking employment at lower wages than their counterparts in the North are doing so to prevent themselves from becoming marginalised.

The production of a global labour market for seafarers has sharpened the distinction between traditional, pre-FOC seafarers and global seafarers. The key distinction between the traditional and global seafarer was developed by Wu (2006) in his assessment of Chinese seafarers in the global labour market. Whilst Wu's typology was designed specifically around the transformation of Chinese seafarers from traditional to global seafarers, I find his distinctions between traditional (national) and global (FOC) Chinese seafarers can be applied to changes in the seafaring labour market in general (see Table 3.1).

TABLE 3.1 *Distinction between traditional and global seafarers*

Characteristic	Traditional	Global
Employment status	State-owned enterprises employees	Freelance seafarers
Preferred working place	National-owned fleet	Foreign-owned ship
Working conditions	National standards	International standards
Welfare and pay	Low pay, high welfare	High pay, no welfare
Crew pattern preference	Homogenous	Multinational crews
Relationship with foreign company	Direct employment	Indirect employment
Relationship with crew members	Equality	Hierarchy
Loyalty to whom	State-owned enterprise or crew agency	Foreign shipowner
Career development reference	National counterparts	Foreign counterparts

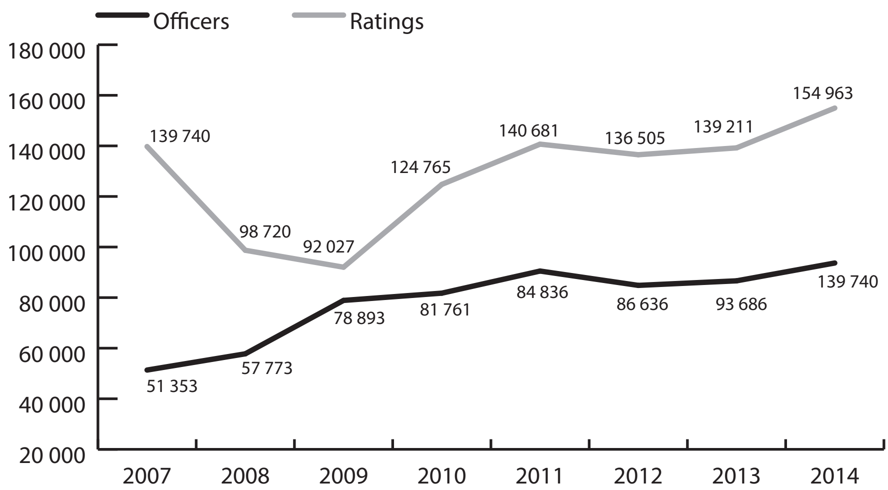
Source: Adapted from Wu 2006: 7

Wu's typology uses nine characteristics of merchant navy seafarers and assesses how these characteristics have altered with FOC shipping. Table 3.1 provides a neat summary of the key changes in labour market practices between traditional or national seafarers and global or FOC seafarers. In a sense, the characteristics attributed to global seafarers are characteristics found in most global flexible jobs in other industries. An exception is the high wages of seafarers as opposed to the low wages of call centre operators or export-processing zone operators who work in multinational companies. The suggestion is that global seafarers are part of a transnational neoliberal dynamic of shift to more flexible work and working conditions. The most important point for me is that the evidence indicates a decisive and observable shift in hiring, work, and working conditions for seafarers in the merchant navy from pre-1970s practices. I attribute this to the characteristics of transnational neoliberal capitalism.

Filipino seafarers in the global labour market

The growth in Filipino seafarers since 1975 has been phenomenal as demonstrated in Figure 3.3. The 2013 statistics supplied by the Philippine Overseas Employment Administration (POEA) indicates that up to 250 000 Filipino seafarers are employed at any one time in the global labour market. This represents approximately 20% of the total global labour market for seafarers (BIMCO 2010). Recent estimates by the Drewry Report in 2012 demonstrate that this has not decreased. Filipinos clearly dominate this global labour market. The graph below shows the upward trend in the deployment of officers and ratings from 2007 until 2011. Data from 2007 to 2014, available on the Philippine Overseas Employment Agency website, shows that this trend of growth has continued. In 2014, for example, over 400 000 Filipino seafarers were deployed (trained and certified to work on a host of different types of vessels)

FIGURE 3.3 *Employment of Filipino seafarers by category, 2007–2014*



Source: Philippine Overseas Employment Agency

but this figure does not reflect the number who were actually ended up being employed by shipping companies. So whilst 400 000 seafarers were deployed to seek employment across all categories of ships (cruise, merchant marine, commercial fishing for example) only 249 000 secured long-term contractual employment in the merchant marine.

This immense growth is not only a consequence of shipping companies seeking new and cheaper labour markets for seafaring labour but also a result of the labour export polices of the Philippine state. Far from the state being a bit role player in a globalising world, in the case of the Philippines the agency of the state to contribute to this process is significant. The massive growth and dominance of Filipino seafarers has to be understood within the larger context of the Philippine labour export policy.[8]

For Filipino seafarers there are two main sources of entry into the global seafaring labour market, both of which involve a relationship with the Philippine state. The first way in which qualified seafarers enter the market is through crewing agencies. As of 2004, there were 417 registered crewing agencies in the Philippines. Most large shipping companies have their own subsidiary crewing agencies. For example, one of the seafarers interviewed rattled off a list of crewing agencies he had worked for: 'Some of my crewing agencies were – Manila Street which was my first, then Arpa Phil, Advance Global, PTC, Enter World, TSM, East Splash …'

The second means of entry is by securing membership of a seafaring trade union. Of the various seafaring trade unions in the Philippines, AMOSUP is the most significant in terms of total membership and financial and political influence in the maritime industry. Both the trade union and the crewing agency have to post a bond with the POEA for every member who joins. This bond averages at about US$40 000 as a form of surety that the crewing

agency and union will honour any claims by seafarers. The POEA then processes the requisite documentation provided by the unions and AMOSUP. The POEA's stance regarding its relationship with shipping companies and AMOSUP is cordial, as reflected in this excerpt from an interview with a POEA representative in Manila:

> International shipping companies? I would like to think that our relationships with our foreign employers are very, very shall we say cordial, and the both of us are mutually respected in the sense that we are the labour-supplying country while they are the users. Trade unions? We encourage trade unionism; we do not discriminate against any union member – are you are familiar with the Associated Maritime Officers and Seafarers Union of the Philippines, which is a very strong union? The Associated Maritime Officers and Seafarers Union of the Philippines, headed by Captain Gregorio Oca, is the one we have the best working relationship with.[9]

My thematic analysis of the 40 Filipino seafarers with whom I conducted structured interviews indicated that once they had successfully entered the labour market and were employed, they all worked on short contracts of 6 to 9 months but all had continuous periods of contract employment of up to 28 years in one case.

Every taxi driver I encountered when travelling to conduct interviews in Manila would tell me a story of how someone in his family was either a seafarer or training to become a seafarer or was a retired seafarer now running some kind of business. This is how I first cottoned on to the idea that seafaring was viewed as a ticket to potentially lucrative but temporary employment. Seafarers themselves indicated to me that they did not view this as a permanent occupation. The hardships were many, and the monetary rewards high. Many seafarers were essentially working class on ships but once they returned home, their tax-free US dollar incomes elevated them to middle-class status. As one seafarer said:

> On board I clean and cook and take orders but when I'm home on land, I am a business man. Neighbours are jealous of me because I can buy a taxi and hire a driver and my wife goes to the shopping malls every day.

Another seafarer tells a riveting story of how he decided to become a sailor after his uncle, who worked on a Danish cargo vessel, became mayor of his town after accumulating both financial and social capital. Being a seafarer, it seems, also carries a great deal of symbolic capital and status. As Ceaser (a seafarer I interviewed) so eloquently put it, 'My uncle cleaned the captain's toilet but now he [my uncle] is mayor and someone else cleans his toilet.' This theme of status or social capital resonated across all my interviews, with the idea of *balikbayan* [national hero] being invoked by seafarers with a sense of deep national pride at being almost a soldier who services his country by remitting an amount of his salary home.

However, as much as the seafarers told stories of success in their employment, it was obvious that thousands of trained seafarers aren't able to find employment on a vessel. The route to employment can be brutal. This was clear to me when I was travelling to the port of Manila to interview employed seafarers. I had to negotiate my way through Rizal Park, which really

is a global labour market for seafarers. Throngs of young men congregate in and around the park. These young men have various forms of certification, some authentic, some not and all want any form of employment at sea. Crewing agents visit the park daily to source new crew. In speaking to these men (all of whom are fluent in English, the lingua franca of the industry) it became clear that most of them travel great distances from other Filipino islands and cities to gamble on finding employment.

My Filipino research assistant alerted me to the fact that a large proportion of the men were blacklisted, meaning their names were part of a list that described them as 'undesirable'. This could be because they either complained to unions about working conditions of ships they previously worked on, or made some other complaint against previous employers. Rizal Park really struck me as a field of dreams: those who come from out of town, stay in hostels where they can rent beds and dream of access to the global labour market every night. It later occurred to me that Rizal Park is the physical embedment of a just-in-time labour market to supply global shipping capital. Seafarers are ordered as and when needed. An oft-repeated phrase during my interviews was, '*Ang buhay ng seamenay mahirap na masarap* [the life of a seafarer is both bitter and sweet].' Whilst it may seem a maudlin phrase, it did highlight the contradictions of the human face of global labour markets.

The Philippines has 403 merchant navy vessels of which 66 are owned by foreigners but fly the Philippines flag, with the balance being owned by Filipino nationals and registered in the Philippines, thus flying the Philippines flag. A significant number of these vessels ply the inter-island routes and Southeast Asian routes and employ up to 2 000 Filipino seafarers. However, the bulk of Filipinos are employed on FOC vessels owned by European countries. Data from the Seafarers International Research Centre (SIRC) database in 2003 reflects clearly who the main employers (and countries of economic benefit) are of Filipino seafarers: Greece, Japan, Germany and Norway dominate the employment of Filipino seafarers. More than ten years later, these employment patterns have remained unchanged according to the Philippine Overseas Employment Agency labour market statistics. In 2013, Filipino seafarers continued to be mainly employed by ship operators of these countries, with the addition of the United Kingdom as a key employer (POEA Labour Market Statistics, 2013).

Seventy per cent of Filipino seafarers are employed at rating level, 20% as junior officers and the remaining 10% are employed as senior officers (POEA Labour Market Statistics, 2013). This data implies that Filipino seafarers occupy the lowest ranks of the seafaring profession although, as officers from the traditional maritime nations become less available due to aging populations and lack of new cadets, there may be an increase in the employment of the number of junior and senior Filipino officers in the global merchant navy. The labour market for seafarers, as mentioned earlier, is clearly a segmented market. Historically, the commercial shipping industry has hired junior and senior officers from the traditional maritime nations of Europe but, given global changes to this market, the national profiling of these labour markets (with officers selected from mainly developed countries and ratings from developing countries) may soon alter. There exists a definite preference to hire officers from developed countries over officers from developing countries like the Philippines. Japanese shipowners are the most inclined to hire Filipino seafarers at junior and senior officer levels.

Determination of seafarer wage rates

I will discuss the role of organised labour in determining wage rates in detail in Chapter 5 of this book. Here, I provide a general sense of how wages are determined for these global professionals. Wages are calculated on a per annum per rank basis by the crewing manager. The crewing levels of ships and hence their wage costs are determined by global regulations.

The first of these is the safe manning certificate, which certifies how many crew are needed to safely crew the vessel. A minimum safe crewing number is prescribed by the certificate as well as other conditions such as the age of the vessel, the types of technology available and the route and type of voyage undertaken by the vessel. Shipowners and crewing managers must comply with the minimum number of crew suggested, although they can elect to employ more than the suggested number.

Wage rates are also determined by nationality of the seafarer, market forces, union negotiations and state interventions. However, given the global nature of the industry, a number of global labour market institutions exist to regulate wages, thus preventing hyper exploitation of seafarers, especially ratings. The global regulation also provides a benchmark for shipping capital to set what it regards as fair wages.

The International Labour Organisation (ILO) suggests a minimum wage rate for all ranks of ratings. The benchmark rank is that of able-bodied seafarers (AB). This suggested wage rate includes the net pay of ratings but excludes leave payments, overtime and other employee benefits. The 2014 AB rate was set at US$585 (ILO 2011). Once overtime and paid leave are taken into account, an AB can earn up to US$1 028 per month. ILO rates mainly apply to ratings working on nationally flagged vessels (non-FOC vessels). Despite ILO-regulated wages, market forces and the tension between supply and demand influence wage rates.

The International Bargaining Forum (IBF) and wage rates

Shipowners can elect to be part of the IBF as a wage negotiation strategy. Once part of the IBF, shipowners become part of the Joint Negotiating Group (JNG). The JNG engages in collective bargaining on wages and conditions of work with the International Transport Worker's Federation (ITF). Unlike the ILO system of setting a benchmark wage against a rank, the IBF negotiates wage rates on a total crew cost concept (TCCC). Therefore, any wage rate or increase in the wage rate is calculated on the total cost of the crew. There are no rules as to how the percentage increase can be applied to the crew. Theoretically, this means that some ranks, for example officers, may benefit from higher wage increases than other ranks. In practice, there is an equitable distribution of the percentage of increase, though the Drewry report cautions that 'the lion share of increases is directed to officers' (Drewry Consulting 2012: 10).

Currently, there are more than 50 TCCCs agreed individually with ITF-affiliated unions from various seafaring supply markets. There are instances of shipping companies paying more than the wages and increases stipulated by the IBF and ITF. This is usually for certain types of officers deemed as having scarce skills. Wage rates, even for the lowest ranks, are relatively

high when compared to other global industries. Further, there has been no decline in wages for seafarers of all ranks covered by ILO or ITF agreements. Given that labour costs remain the highest operating cost for shipowners, this contradicts the race to the bottom found in many other global industries. This is mostly due to the role of organised labour as will be discussed in Chapter 5. In seafaring supply countries where unions do not exist, wage rates are usually set between the crewing agent and seafarer, or between the seafarer and shipping company. Either way, there is no protection offered – leading to many cases of mass exploitation of nonunionised seafarers across the world.

Even where wages are collectively bargained by the ITF, wage rates differ by nationality. This may be accounted for by the fact that TCCC rates are negotiated with national affiliates thus, wage rates agreed to by UK unions and the ITF are higher than those agreed to by Filipino unions and the ITF. Some supply countries' unions may deliberately want to price themselves lower than official rates in order to secure more employment for their members. Further, the market may dictate that some nationalities' skills are more valuable than others. For example, an officer from the UK is usually paid more than an officer from the Philippines or Latvia due to perceptions of competency and skill (despite the global regulation of the training regime for seafarers). Data shows that Chinese and Filipino ship's masters are the cheapest, and UK and Italian masters the most expensive. Officers are also often paid more than the ITF-mandated wage rate due to the nature of their labour market. Despite the variations of wages by nationality, the wages are relatively high on unionised ships, and the purchasing power of the US dollar must be taken into account when converted into currencies of developing countries.

South African seafarers in the global labour market

South Africa has also shifted its hiring practices of seafaring crew. The exact number of South African seafarers employed in the global merchant shipping industry is difficult to estimate.[10] Record keeping prior to 2000 remained poor.

Supply of South African seafarers

Labour market statistics for South African merchant navy officers and ratings are not always reliable due to poor and inconsistent record keeping. The current situation is much improved with the South African Maritime Safety Authority (SAMSA) seafarer certification database. However, the database does not always disaggregate the number of officers and ratings by type of shipping sector. For example, the broad categories used are shipping transport, ports services and commercial fishing. The bulk of merchant navy seafarers falls under the category of shipping transport, but it is unclear how many of the vessels under this category are coastal, and how many are deep-oceangoing vessels.

When one does an analysis of the numbers of certified officers in the three main categories of shipping for 2010, for example, there are 5 409 officers across all three categories. I depict this in the table below:

TABLE 3.2 *Numbers of certified officers in South Africa as of 2010*

Officers	Shipping transport	Ports services	Commercial fishing	Category totals
Deck officers	935	296	1 620	2 851
Engineering officers	774	56	1 728	2 558
Total	1 709	352	3 348	5 409

Source: SAMSA database of certified officers, 2010

The above data, especially for the category, shipping transport, must be treated with some caution as it represents the number of certified officers and not the number of officers in actual employment. Data from June 2014 shows that the number of Standards of Training, Certification & Watchkeeping (STCW) accredited South African officers rose from the 2010 estimate of 1 709 to 1 926. Of these 1 926 officers, 469 fell within the rank of deck officer. This is an entry-level qualification and as at 2014, 59% of deck officers were black South Africans. The rank of master was dominated by white South Africans, with 80% of masters being white. Respectively, these ranks represent the entry-level rank and the highest rank an officer can achieve. There are several intermediate ranks such as mate, chief mate, engineering officer and skipper. Across all ranks, except senior ranks such as master, chief engineer, chief mate and second engineer, black South Africans dominate or comprise at least half of all intermediate officer ranks. This seems to indicate that with natural attrition at senior ranks, there will be mobility for black South Africans from entry level and intermediate ranks to senior ranks. This is a remarkable achievement given that black South Africans were not allowed to train as officers up until the early 1990s (Maritime Skills Sector Report 2014).

Determining the number of ratings in the merchant navy is even more difficult as the record keeping for ratings has only recently become organised by SAMSA. One reason for this, according to the SAMSA Maritime Sector Skills Development Study (MSSDS), is that apart from employment in the merchant navy, other maritime clusters do not require mandatory registration or certification of ratings. In other words, there are fewer formalised pathways for securing a position in the other shipping sectors (SAMSA 2011: 110). The table below represents the publically available data from SAMSA as of 2010.

TABLE 3.3 *Numbers of certified ratings in South Africa as of 2010*

Ratings	Shipping transport	Ports services	Commercial fishing	Category totals
Deck ratings	828	46	24	898
Engineering ratings	376	13	N/A	389
Total	1 204	59	24	1 287

Source: SAMSA database of certified seafarers, 2010

In 2010, South Africa had 1 204 merchant certified ratings on its database This rose to 1 416 in 2014. It is not clear, however, given the iterant nature of employment on foreign vessels, what percentage of these certified officers and ratings are actually employed. The majority of ratings (80%) are black South Africans (Maritime Skills Sector Report 2014).

From 2008 to 2013 (a period of six years), 414 officers across all the various shipping clusters completed their STCW theoretical training. This is an average of 69 officers a year. However, these officers are only fully certified to work once they have fulfilled a practicum component of their training known as sea time or securing a training berth. Surprisingly, given the lack of labour market interventions in ratings training and no great labour market demand globally for them, ratings numbers increased by 212 in four years, averaging 53 newly qualified ratings a year. Plenary discussions at the 23rd International Maritime Lecturers Association Conference in Durban (29 June to 3 July 2015) confirmed that ratings production in South Africa has remained stable since 2010 and will most likely decline in the future.

The lack of training berths is a profound problem facing the training and certification of South African officers and ratings. There are simply insufficient ships (zero) on the national ships register to offer training berths, and securing training berths on foreign-flagged ships for South African seafarers continues to be a challenge. Foreign shipping companies do not want to bear the financial burden of training. Training berths are expensive and require extra space on board the vessel for a trainee that could be used by a qualified seafarer earning his or her keep. Newer ships are built with even fewer spaces for accommodation of crew, which further compounds the challenge. If South Africa is to develop and grow a national fleet of commercial vessels, then the number of ratings and officers is wholly inadequate to crew these vessels. SAMSA has articulated a long-term plan to attract a lower limit of 25 ships and an upper limit of 350 ships to the register by 2020.

An analysis of the 2013 database reveals that in terms of employment, there are only 473 officers employed in the merchant navy. The key difference between the 2010 and 2013 databases is that the 2013 database reveals the number of officers actually employed, rather than those who are just certified. In 2013, there were approximately 1 327 ratings certified (though not necessarily employed). It is more difficult to ascertain how many of the 1 327 are actually employed. More recent information on employment of officers and ratings is difficult to acquire. The SAMSA 2015 Strategic Plan for the next five years indicates that it would like to grow the number of South African officers to 720 and ensure that at least 1 200 ratings are employed. According to the 2014 SAMSA annual report it planned on certifying 650 officers in 2014 but only managed to 'partly' achieve 161. Similarly with ratings, the goal was to certify 420 but only 248 were 'partly achieved' (SAMSA 2014: 65). SAMSA does not indicate what they mean by 'partly,' but it most likely means that ratings and officers did not have access to training berths to complete the practical part of their training. This is an externality that SAMSA has limited control over.

Demand for South African seafarers

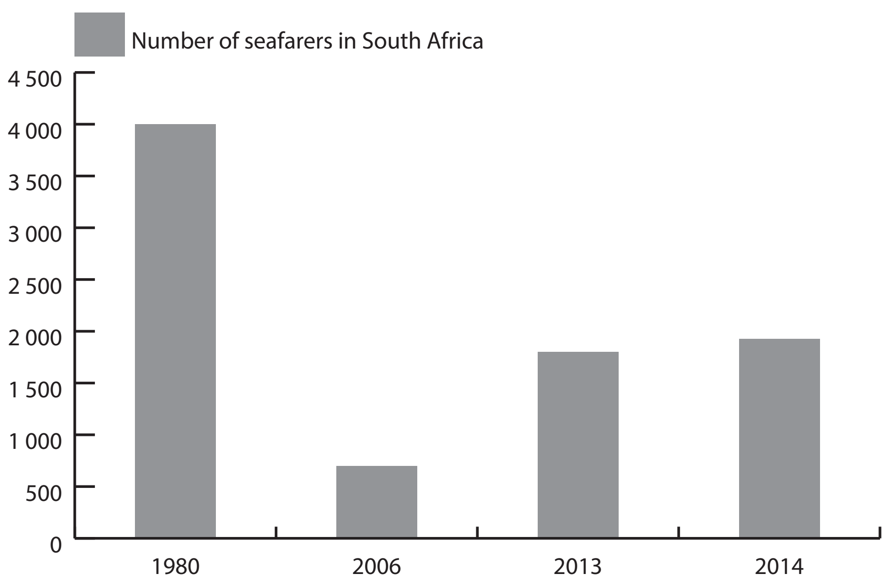
The issue of demand remains controversial, with some experts indicating that there is no demand, since South African seafarers are unable to compete in terms of cost in a global labour market. South African seafarers are paid ITF-mandated wages, for example, as

opposed to Filipino seafarers who price themselves just below the ITF wage rate. Added to this is the fact that there is no national shipping fleet to employ South African seafarers. However, if current plans to grow a national fleet, as well as to 'export' South African seafarers to foreign shipping companies as an employment strategy are to be successful, then a demand will be stimulated. According to SAMSA (2010: 113) there is a current shortage of 1 483 officers and 430 ratings across all the shipping clusters.

This does not appear to be a profound shortage, but when one considers that only 87 merchant navy officers complete their theoretical training annually, and fewer than that complete their sea time, then the shortage compounds over years until it becomes acute. In terms of strategic human resource interventions, any attempt to develop a national ships register has to work in tandem with increasing the number of officers and ratings who can be theoretically and practically trained (Snyders 2015). For example, adding 25 ships to the national shipping registry implies that we need 1 000 more officer and rating seafarers (SAMSA 2010: 117). If the state further decides to adopt a strategy similar to the Filipino state and train seafarers for export, then it needs to develop a sufficiently large pool of young officers and ratings for this to happen.

A 2014 report prepared for SAMSA on projected demand for seafarers (SAMSA 2014: 75) suggests that if the country is to successfully develop and grow a national fleet, there would need to be growth of at least 6% per annum in the number of seafarers trained and certified to supply the new national fleet, African cabotage system as well as a global fleet. Cabotage refers to shipping along coastal routes only, so an African cabotage system would involve ships that ply the African coast but not beyond. Figure 3.4 shows the decline in the number of seafarers employed in the merchant navy since the 1980s.

FIGURE 3.4 *Number of South African seafarers in the merchant navy, 1980–2014*



Source: Compiled from Ruggunan 2008, SAMSA database of licensed seafarers 2013, and Maritime Skills Sector Report 2014

South Africa enjoys 3.5% of the global sea trade, and the state argues that it needs to compete for its share of seafaring jobs commensurate with the percentage of global sea trade it enjoys (Hutson 2012). Based on SAMSA calculations, this translates into capturing approximately 49 000 seafaring jobs of the 1.4 million seafaring jobs available globally (Hutson 2012). These 49 000 jobs would include both officers and ratings. The South African Department of Transport contends it needs to train between 1 000 and 1 600 officers a year in order to contribute to building a global supply of seafarers (Hutson[11]). This is opposed to the 87officers who are currently trained every year. Maritime scholars are sceptical about these figures but agree that for South Africa to be considered a global supplier of officers, a sufficiently large pool of officers needs to exist. Crewing managers I interviewed also suggested that any human resources development strategy needs to simultaneously ensure there are sufficient numbers of seafarers to service national and global needs. For example, in 2012, 11 049 merchant ships entered South African ports; none of them were flagged in the RSA or registered in the country. An estimated 230 000 foreign (i.e. non-South African) crew worked on these vessels. The state contends that this is no longer an acceptable practice despite global reconfigurations of the shipping industry (Hutson[12]).

Until the early 1970s, the South African shipping industry employed as many as 6 000 seafarers of varying skill levels on both a casual and a permanent basis (Kujawa 1996). The largest employer of seafarers during this period was Safmarine. As trading conditions became increasingly tumultuous for the international shipping industry for a host of fiscal, financial and technological reasons from the early- to mid-1970s, Safmarine, as well as other major South African shipping companies, were forced to increase their competitiveness against international shipping companies. They did this by reducing one of their chief costs, namely labour. According to interviews I conducted between 2002 and 2013 with the crewing and training managers of key South African shipping companies and SAMSA, a common trend was for expensive South African ratings to be steadily replaced by Southeast Asian crew, particularly Filipinos.

By 1980, for example, all South African-owned merchant navy ships had a majority non-South African crewing component and Kujawa (1996) estimated that at least 4 000 South African ratings were displaced by foreign, mainly Southeast Asian, crew. This re-crewing is strongly related to the strategy of Safmarine (now part of the Maersk shipping group) to hire cheaper crews, and was compounded by apartheid-era sanctions imposed on South African ships calling into foreign ports. These ships were often met with protests by antiapartheid protesters as well as dockworkers who refused to off-load cargo. The pressure of sanctions and protests further propelled South African shipping companies to flag out and re-crew their ships in order to circumvent sanctions and to operate profitably under these conditions.

Wage rates

The entry of South African seafarers into the global labour market is far more problematic than that of their Filipino counterparts. These difficulties can be attributed to the shift to cheaper non-South African crews, but also to the reluctance of shipping companies operating in South Africa to train and employ South African seafarers.

The wage rate for South African seafarers continues to be relatively high when compared to other seafaring nationalities, which contributes to their low and falling levels of employment. Wage rates have proved notoriously difficult to obtain from South African shipping companies. Both Unicorn Shipping and Safmarine declined to reveal their current wage rates citing confidentiality agreements.

Accurate and exact wage rates for South African seafarers are difficult for an 'outsider' or third party to obtain. This has been my experience from the inception of my work on seafarers in 2005. The only publicly available wage rates are those provided by the ITF on its website. The issue, however, is whether companies pay above or below the ITF-mandated wage rates or, as in some cases, negotiate special wage rates for seafarers in their employ. Fieldwork done in 2008 indicated that South African wage rates for officers were relatively high and close to, or matching, ITF rates. Marine Crewing Services revealed in 2008 that they were involved in a benchmarking exercise to evaluate wage rates and had entered into discussions with the South African Transport and Allied Workers' Union (SATAWU) and the ITF to negotiate a favourable wage rate for South African seafarers. However, in correspondence in May 2008, Marine Crewing Services declined to reveal what these rates were due to commercial reasons.

Individual shipping companies like Unicorn and Maersk will also not reveal their rates. However, based on interviews with South African seafarers in 2014 and 2015, the following trends can be identified. First, wage rates are company dependent. Different shipping companies and crewing agencies pay different rates. Officers usually earn above the ITF wage rates and ratings earn at or below the ITF wage rate. Second, wage rates are dependent on collective bargaining agreements with the ITF and national unions, especially for ratings. Whilst there is a globally mandated ITF wage for all ranks of seafarers, this can be subject to intervention from national unions, for example. Third, wage rates can be nationality dependent. Shipping companies and crewing agencies tend to pay wages based on their perceived cost of living expenses of the country from which the seafarer is sourced. Hence, a common argument heard in interviews is that British officers are paid more because the cost of living in Britain is higher than the cost of living in India or the Philippines. The cost of living in South Africa is viewed as higher than that of other developing countries but lower than that of Europe, for example. Fourthly, wages are also decided based on the perceived quality of a seafarer's training. This may intersect with the nationality of the seafarer as seafarers of some countries are viewed as offering higher skill quality than others. Finally, wages are determined by the costs of administering seafarers (crewing agency costs, health checks and repatriation expenses if needed, for example). In this case, South African seafarers are seen as expensive relative to other developing world or middle-income countries. The lack of a major international one-stop crewing agency for South African seafarers to supply a global labour market means that South African seafarers can't be offered at 'mass discount' or competitive rates as yet.

Relatively high wages outpricing South African seafarers from the global labour market is compounded by the lack of ship ownership in South Africa. My association with, and research into, the training and development of South African seafarers since 2001 reveals

an implicit and often explicit belief amongst owners and management of shipping companies that training and development 'for the nation' is 'not their problem'. Victor Restis, Chief Executive Officer of South African Marine Corporation, contends:

> One of the reasons could have been that you expected the shipowners to take the initiative and bear the cost [of training]. Well they will not because they already have access to trained professionals. If the country is serious to utilise this opportunity [to train for the nation], somebody will have to take the initiative and see it through. Since many countries make professionally qualified seafarers available at internationally competitive rates, international shipowners and operators do not see the development and training of such staff as their responsibility. Why take on responsibility for and associated cost for something in country A when it is supplied free by country B?[13]

A recurring theme throughout the maritime industry is that of shipping companies training South Africans for their internal requirements only, and reluctantly at that. Simply put, the shipping industry in South Africa cannot be the driving force for job creation.

Until the mid-1970s, international and South African merchant shipping had been expanding. In 1971, for example, there were 52 merchant marine ships on the South African ships register with a total dead weight tonnage (dwt[14]) or carrying capacity of approximately 3 million. Forty-four years later, there is only one deep-sea ship on the South African register, the SA Oranje. To put this in perspective, many landlocked countries such as Austria, Bolivia and Ethiopia have 15 ships or more on each of their registries. The oil crisis of 1974/5 impeded the boom in South African merchant shipping. As a result, there was a 40% reduction in seafaring jobs, most of which were in the officer category (Kujawa 1996). This was compounded by the implementation of international sanctions against apartheid South Africa, which further marginalised South African merchant shipping from global markets. There are only four major shipping companies that operate from South Africa. Of these, Unicorn Shipping, owned and operated by the Grindrod Group, remains the most authentically South African. Prior to 1996 and the acquisition of Safmarine by the Maersk Group, Safmarine was the other authentic South African company. Maersk has retained the trading name of Safmarine but for all commercial intents and purposes it is no longer a South African -owned and -operated shipping company.

Any job creation initiative will require resources from shipping companies such as training berths and training expertise to ensure the success of any national programme. Aligned to training imperatives are the attempts of SATAWU and the Transport Education and Training Authority (TETA) to ensure greater racial equity in the current profile of South African seafarers (see Chapter 6 for more on the strategies of the TETA).

The equity issue

The racial profile of the South African seafaring labour market has changed profoundly. As recently as 2008, South African ratings in the merchant navy were overwhelmingly black (African, Indian and coloured) people, whilst officers were predominantly white people

(Personal correspondence, Warren King: Unicorn Shipping: 29 May, 2008).[15] In 1994, there were 330 registered officers in the merchant navy and fishing industry. Of these, 320 were white officers whilst the remaining 10 were coloured officers, working on large fishing vessels (Bonnin et al. 2004). Of 1 400 ratings employed in 1994 in the fishing and merchant navy, black, Indian and coloured ratings comprised 1 120, with whites comprising the balance of 280 ratings (Bonnin et al. 2004). In 2008, of the 735 employed ratings, 720 were black, five Indian and ten coloured (SATAWU: Personal correspondence, 6/05/08). This continues to reflect pre-1995 racial patterns in employment of seafarers identified by Bonnin et al. (2004) in their paper on human resource development in the South African maritime sector. However, there is no racial pay gap amongst South African ratings of different races, or South African officers of different races in the industry. This was confirmed in correspondence with SATAWU in May 2008. It seems that nationality is more important than race in the current global labour market for seafarers. Given that all South African ratings are black people, it follows that black seafarers are paid much less than white seafarers who are officers. This represents an intersection of race and occupational status. Attempts to tackle racial redress have largely been successful as demonstrated by the shift in demographics with a substantial number of officers now black and relatively young compared to previous white South African cohorts. Ratings continue to be predominately black people. This represents a massive success for the South African state as it balances local imperatives (employment equity) with global needs (globally regulated certification, for example).

Routes to employment

Prior to 2005, South African seafarers in the merchant navy obtained employment directly with shipping companies. This often meant that shipping companies, for example Unicorn, trained and employed South African seafarers for their own crewing needs. The idea of a labour broker who provided South African crews to global shipping companies outside Unicorn and Safmarine was an anathema. However, crewing or labour brokering agencies are the norm in new seafaring labour market countries like the Philippines that provide crews to shipping companies.

Private sector initiatives

The private sector has intervened in recognition of an employment opportunity for South African seafarers in the global labour market. Marine Crew Services (MCS) indicates a strong belief in the potential for South African seafarers, especially at ratings level, to be employed by global shipping companies. The crewing service is of the belief that the union and government processes in securing seafaring jobs are tedious and bureaucratic. SATAWU has focused more on growing other areas of its membership (such as truckers and security workers) and private sector initiatives such as MCS have, instead, stepped in to increase seafarer job growth prospects in South Africa. Its involvement with this private crewing initiative focuses on setting of wage rates only. In recognition of this opportunity to crew ships with South African trained crew, MCS was established in 2003 as a crewing agent that supplies trained seafarers to the global shipping industry. In 2004, MCS placed its first batch of South African crew to the Holy House Shipping Line of Sweden. One of the key elements of, and

obstacle to, training seafarers at both officer and rating levels is the berthing issue. MCS addressed this problem by forming relationships with shipping companies outside the Unicorn and Safmarine duo. The crewing service formed a productive relationship with Sanko Steamship Company, one of Japan's oldest shipping companies, in 2005. As part of a black economic empowerment deal, Sanko invested financially in the black-owned MCS and in Marine Bulk Carriers. According to MCS managing director, Lance Manala, the partnership with Sanko would facilitate skills transfer, create jobs and increase South Africa's involvement in the raw material and crude oil trade.

Sanko operated a fleet of 100 bulk carriers, tankers and liquefied petroleum gas carriers, and was expected to increase its fleet to 150 by 2008. The large number of ships operated by Sanko provided the ideal opportunity for high quantities of training berths for South African crew. According to the agreement reached between Sanko and MCS, 50 to 60 cadet training berths would be provided at a ratio of 2 to 5 cadets per ship. The South African cadets would work primarily with the Filipino crews who man Sanko's ships (*South African Shipping News*, July 2005). MCS negotiated wage rates with the ITF and SATAWU in November 2004 and asserted that once the mandatory sea time was complete, seafarers would be placed primarily on Sanko's ships. The aging demographics of South African seafarers meant that new and younger seafarers would have to be recruited and trained if MCS was to provide new and sustainable crews. Marine Crew Services' key goal was to position South Africa to become a sustainable source for international crewing.[16] By early 2014, this ambition was still to be sufficiently realised although it still represents the only serious initiative in South Africa to link South African seafarers in a significant way to the global labour market.

South Africa is by no means a global supplier of seafarers even though the country's seafarers' qualifications and work ethic is respected by global employers. Amongst senior seafarers at the officer level (many have now retired) I interviewed, there was an overwhelming sense of nostalgia for the glory days of South Africa's maritime past:

> We were known everywhere in the world, respected as much or more than the European officers … of course, sanctions and ITF boycotts and unions destroyed our shipping industry … Safmarine had to be sold.

When asked to reflect on contemporary developments in seafaring labour markets one officer commented, 'Well, we still have the historic reputation and branding … race has little to do with it. Employers want skill and affordable wages.' Comments like these in my interviews led me to think of a 1992 Tracy Chapman song called 'I used to be a sailor'. Its lyrics are:

I used to be a sailor
Who sailed across the seas
But now I'm just an island
Since they took my boat away from me[17]

These four lines of lyrics encapsulate for me the theme of ascribing blame to larger global and political forces for the decline in South Africa's contribution to seafaring labour markets.

Interestingly, only one crewing manager based in South Africa suggested that race is an inherent part of choosing seafaring as a profession when he argued that 'it's well known that Zulu people don't make good seafarers, but coloured South Africans are excellent. Zulu's never had any maritime culture'.

Ethnicity and race emerged as a minority theme in my interviews with senior South African officers. Instead, nationality emerged as a dominant theme in terms of being shorthand for increased global competition for jobs. Recent interviews (2012, 2013) with black South African seafarers revealed the same dominant concern with nationality as opposed to race. Competition with Filipino, Eastern European, Indian and Pakistani seafarers was more of a concern for participants than any reported racism or race-related issues amongst seafarers themselves. Race, it seems, is more of a concern for South African labour market institutions who have charged themselves with achieving greater racial equity in the seafaring labour market. As current statistics show, this is being achieved.

A third theme to emerge is that of African seafarers being newly knowledgeable about careers at sea. As one young cadet informed me:

> Eish … when I came here to study [at Durban University of Technology] this was the only course left and I didn't know what it was. No one at home in the rural area even saw the ocean. It was a struggle … but I learnt so much and I enjoy the ship work. I didn't know this work existed before. Now the money I can make is so much and is tax free. But I worry about sailors from other countries who will work cheaper than me … but for now once I finish my training … its good employment.

This theme of being first-generation seafarers is important, and contrasts with the Filipino seafarers' experiences. For young black South Africans, a maritime career, specifically a career at sea, remains out of reach due to a lack of a maritime work and career culture in the country. Similar to the Filipino experience, however, is the fact that most early-career seafarers interviewed did not see themselves committing to a lifetime of work at sea. The majority saw a career at sea as a temporary albeit lucrative sojourn with an eventual return to a shore-based maritime career. A senior officer I interviewed captured this when he stated:

> I'm tired now … too much time away from family and friends. I will maybe come back and do an MBA and find a job at shore in Durban or Cape Town … you will see how we all left to work at the same time and now we all want to come back home … I even thought of lecturing.

The idea of home and a return to home is the one theme that resonated the most with me after interviews with seafarers in both these countries.

The implication of flexible labour markets for seafarers

The purpose of this chapter is to answer the question, 'How has the labour market for seafarers been reshaped?' I have shown how this reshaping is taking place in very specific ways in Filipino and South African labour markets for seafarers. In addition to the specific changes

occurring in these three labour markets, there are more generic trends that can be observed across global seafaring labour markets. These trends can broadly be discussed as ways in which merchant seafarers are similar and dissimilar from other types of workers in a late 20th century labour market. This is important because it situates seafarers and seafarer labour markets into the broader context and discussion of changes in the nature of global labour markets. I now argue that there are five similarities and six differences between seafarers and other flexible workers in the global labour market.

The first way in which seafarers are similar to other flexible workers is their reliance on agencies or labour brokers for employment. Of the two case studies presented in this book, Filipino seafarers rely on agencies for their employment, though this is certainly the case for all seafarers in the new global seafaring supply countries around the world. This was not the case for South African seafarers, though there are some attempts to move in this direction as averred in the discussion of the MCS crewing agency. However, given that seafarers from dominant seafaring supply countries such as the Philippines rely on labour brokering for their employment, labour brokering is an important process in the formation of seafaring labour markets. Labour brokering in the commercial shipping sector is mainly a result of the shift to the flexible accumulation strategies of shipping companies, which involve radical changes to the nature of the bureaucracy of shipping companies. The details of the organisational restructuring of shipping companies are more fully explored in Chapter 4.

Second, seafarers at both officer and rating levels rely on prescribed periods of labour contracts. In this sense, they are labour contract workers with a degree of overlap with the characteristics of agency and temporary or casual workers. For ratings, this often consists of annual contracts, though as Chapter 5 shows, contracts for ratings can be for as little as nine months. For officers, contracts are usually rolled over on an annual basis and, generally, officers enjoy more stable employment in terms of duration of employment contracts. Ratings are often hired through agencies and, given the surplus of ratings in the labour market, are considered more expendable. Officers, on the other hand, tend to be headhunted by crewing managers of shipping companies, either through their own networks or via dedicated temporary employment agencies. Given the shortage of officers in the global labour market, the conditions of employment and recruitment strategies targeted at officers is different from those targeted at ratings. This speaks to different conditions of security in employment depending on skill level and is a form of employment insecurity since both shipping companies and crewing agencies can terminate contracts with minimal difficulty – particularly those of nonunionised seafarers. This then points to a third issue, which is the development of a core, semi-periphery and periphery categorisation of workers depending on skill and need. Officers would occupy the core, ratings the semi-periphery and nonunionised ratings would occupy the periphery. This is in keeping with Webster and Von Holdt and Webster's (2005) more general discussion of this phenomenon. Fourth, whilst this book does not specifically examine labour process issues, new technologies have resulted in a significant reduction in the number of seafarers needed to crew a ship as discussed above. This is in keeping with the trend for new technologies as a feature of flexible accumulation to reduce the number of workers across most sectors. By flexible accumulation, I refer to the shift towards the intensification of capitalism through its exploration of new strategies to generate profit. For example, the creation of new technologies allowed capitalism to accumulate

or make larger profits by reducing operating costs. Other strategies may be to reduce labour costs by hiring contractual labour rather than permanent staff. Last, shipping companies and crewing agencies do not subsidise or pay for the training of ratings and officers. Seafarers are expected to lay out the costs of their own training, which has to be globally compliant. This means a massive financial saving for shipping companies that, historically, have trained seafarers at their own cost. This is part of a global trend to either outsource training or to make it an individual's responsibility.

However, there are some important ways in which unionised merchant navy seafarers differ from other types of flexible workers. Firstl whilst there is an overwhelming degree of contract employment, seafarers when employed on unionised vessels or when they are unionised themselves, enjoy high wages at both rating and officer levels relative to other types of flexible workers. Given that ratings are often thought of as the working class of the sea, it is remarkable that they enjoy such a high wage rate relative to similar kinds of shore-based labour contract and agency workers. There has not been a race to the bottom in terms of wages. This is related to my second point – that globally, most commercial seafarers enjoy high levels of representation security (the ability of seafarers to be represented by organised labour if not at the national level then certainly at the global level. The high levels of representation security have prevented a race to the bottom in terms of working conditions and wage levels. Third, in industries such as the information technology sector in the Silicon Valley, labour brokers can significantly influence compensation levels of workers; seafarers' working conditions and compensation levels are regulated globally through global labour bodies such as the ILO, the International Maritime Organisation and the International Transport Workers Federation. Fourth, the rise in temporary work and agency work has been described as the feminisation of the global labour market by Standing (1999). However, the labour in the merchant navy remains almost exclusively male. The global cruise ship industry has shifted significantly towards the employment of female seafarers, but at the rating level and not at officer level. Fifth, perceptions of nationality and ethnicity continue to remain important factors that influence how shipowners, crewing managers and ship managers decide to crew their ships. Some nationalities are seen as innate seafarers whilst others are not. The linking of perceived behavioural characteristics to employment is not unique to a late 20th century workplace but has certainly become more pronounced and in some cases institutionalised in crewing agencies. My final point would be to remind the reader that seafarers have historically never enjoyed full-time stable employment in the traditional way that we understand permanent employment. However, there was a direct link between the employer as shipowner and employee with no intermediaries. The key difference for me in the employment of seafarers in the FOC era is the introduction of labour market intermediaries in the sector which have effectively institutionalised seafarers' temporary and contract worker status.

For both unionised and nonunionised seafaring labour, particularly ratings, a post-Fordist workplace has come to mean that their labour statuses have become more flexible. Seafaring labour can be grouped as temporary workers and agency workers. There is some overlap between the two categories: seafarers are temporary workers who are agency workers. I have refrained from labelling them as labour contract workers, since labour contract workers often

have a debt bondage relation between 'subcontractors and workers, which leads to exploitative labour and subordinated flexibility, with workers deployed when and where needed and for wages that fluctuate daily or even hourly' (Standing 1999: 103). The fieldwork I conducted for this book demonstrates that this is not the case for unionised seafarers.

Seafarers are temporary workers who are sourced and processed by labour brokering agencies. They are not casual workers in that casual workers are hired without employment security, and are typically paid on a piece rate basis, or for the specific hours for which they are hired. Temporary workers, on the other hand, tend to be employed for a fixed term or on a rolling basis (Standing, 1999: 105). However, despite these definitions, there is a considerable degree of overlap amongst these categories when applied to seafarers.

Conclusion

I have highlighted here, the phenomenal growth in employment of Filipino seafarers, and their dominance of the global labour market. South African seafarers have, in contrast, suffered immense job losses and have battled to secure access to the global labour market. In sum, I have demonstrated how the labour market for seafarers has altered over the last four decades. In the next chapter, I discuss how the restructuring of the contemporary global shipping industry took place in a very specific economic and political context during the 1970s, and influenced commercial shipping employment strategies. I also look at the ways in which new technologies impacted on the crewing and operation of cargo vessels.

Endnotes

1 Music and lyrics by Eraserheads. Album *Bandang Pinoy Lasang Hotdog* (2001, re-issued 2006): 'Manila (song)|Manila' Composers: Ely Buendia, Marcus Adoro, Buddy Zabala and Raimund Marasiga.

2 Flag of convenience shipping refers to the process whereby there is a separation between the ownership structures of a ship and the 'flag it flies'. A ship could be owned by a British company, for example, but fly a Liberian flag at sea. This means that it has to be compliant with Liberian fiscal and legal requirements rather than British ones. In all cases, it is more convenient for shipowners to fly flags of countries that have less onerous fiscal and labour legislation than the flags of countries in which the ships are actually owned. This assists in maximising profits for shipowners.

3 See Standing, (1999) and Silver (2003) for more on the 'race to the bottom' thesis.

4 Structured interviews with 40 seafarers (ratings and officers), Manila, Philippines: 2003.

5 A first register, also known as a closed or national register, refers to ships that can demonstrate a clear and genuine link between the ship's flag state and its owner or operator. A second register refers to FOC registers where the link between the ship's flag state and the state in which the ship is actually owned is far more nebulous.

6 Brennan R, Economics: Funny flags and Australian shipping. *News Weekly,* 1 July 2000. Accessed June 2006, http://newsweekly.com.au/article.php?id=193

7 Cahill R, Death ship scandals. *The Guardian,* 17 March 1999. Accessed June 2007, http://www.cpa.org.au/z-archive/g1999/945ship.htm

8 Between 1984 and 1995, more than 6.3 million Filipinos were officially deployed by the state for overseas employment. From 2003/2004, more than 6.5 million Filipinos were officially deployed to work overseas. This is almost 10% of the total population of Filipinos. The actual numbers of Filipino migrant workers are much higher than the official figures suggest. It is further estimated that at any one point more that 15% of the Philippines' 26-million-strong workforce are migrant workers. The economic significance of this workforce is immense. For example, in 1975 the total recorded remittances received was US$103 000; in 1995 it was 4.88 billion US dollars and in 2002 it had soared to US$6.9 billion. The ILO suggests that remittances are more than 20% of Filipino export earnings and form 4% of the Philippine GDP.

9 Interview with POEA official, Manila, Philippines: January 2004, May 2013.

10 Statistical information on South African seafarers is nonexistent on the SIRC database. The database combines both African and Latin American figures for seafarers and treats them as one combined figure. The reasoning behind this is that the number of seafarers in these regions is negligible when compared to other regions of the world.

11 Hutson T, Maritime industry must join drive for jobs. *The Mercury: Network Supplement*, 3 October 2012.

12 Hutson T, Drive to build national ships register. *The Mercury: Network Supplement*, 30 May 2012.

13 Comments made to 7th National Maritime Conference, Cape Town, South Africa: July 2001.

14 Deadweight tonnage (DWT) refers to a ship's total weight (in metric tons) when fully loaded with cargo plus crew, fuel and provisions.

15 Statistics South Africa conflates all maritime labour occupational statistics, so fishing, merchant, salvage and tug workers are not disaggregated, which makes it difficult to obtain an accurate picture of the national racial breakdown of the labour market for South African seafarers. The last occupational survey done by Statistics South Africa was in 1996. Shipping companies' statistics are fluid and change every year, and there is some caginess from them when asked to reveal this information. Employment equity reports for these shipping companies reveal their shore-based workers and not their sea-based workers. However, the TETA, SATAWU and even shipping companies themselves reveal concerns about the lack of racial redress in the industry.

16 When asked what the advantages of South African crews are over other crew nationalities, MCS provided the following list:

   1. High standards of training monitored by SAMSA means that crews are Standards of Training Certification and Watchkeeping compliant.
   2. South African seafarers speak English relatively well when compared to their peers of other nationalities.
   3. A large reservoir of labour is available ensuring a long-term supply from quality training institutions.

17 Chapman, Tracey 'I used to be a sailor' from *Matters of the Heart (1992)*. Produced by Tracey Chapman and Jimmy Lovine, Elektra Records.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CHAPTER 4

Waves of restructuring

Two key markers informed the context within which commercial shipping restructured during the late 20th century. First were the two unanticipated oil crises of 1973 and 1979. These crises had a profound impact on the shipping industry in three ways: operating costs surged, the amount of bulk oil to be transported as cargo declined substantively and an imbalance developed between supply and demand in the shipbuilding industry. This last led to an oversupply of tankers and bulk carriers by the time the effect of the recession in the shipping industry was at its peak. The second marker of the period was the turmoil in the world of banking and finance because of various structural adjustments in the global economy during the late 1970s and early 1980s. The impact of this on the shipping industry was that it changed the nature of the ways in which shipowners financed their ships and operations. Given the capital-intensive nature of the shipping industry, banks and consortiums of banks were lenient in the ways they financed shipowners, which as the chapter will demonstrate, often had detrimental impacts on shipping companies.

The boom-bust nature of shipping is cyclical and is especially sensitive to larger financial and economic global conditions. The global financial crisis that began in 2008 saw the boom years of the 1990s and early 2000s come to a rapid end. Shipping began to mirror the recession facing many other industries. In a sense it was a déjà vu moment that shipping companies faced akin to the various economic crises of the 1970s. In 2015, the industry is attempting to claw back but a recovery is not expected until 2017 or beyond (BIMCO 2015). In addition, when commercial shipping was faced with declining profit levels as oil, labour and capital costs soared, the industry engaged in three tendencies to ameliorate falling profit levels. First, it engaged in FOC shipping as a new flexible labour accumulation strategy. The second tendency was the post-Fordist[1] shift towards organisational flexibility of shipping companies. This entailed organisational strategies such as mergers and acquisitions, decentralisation, outsourcing and subcontracting of a number of previously centralised functions, the most important of which was the outsourcing of the crewing function. The third tendency was a shift towards the use of new technologies to reduce labour costs, make ships more fuel efficient and increase the productivity of vessels. Collectively, these technological efforts were designed to increase the profitability of shipping companies or at the very least, to prevent profit levels from falling further.

The 1973 and 1979 oil crises and their impact on merchant shipping

The oil crises of 1973 and 1979 were the outcome of a multitude of political and economic occurrences of the period. The late 1960s and the early 1970s were characterised by a slowing down of growth in Western capitalist economies. The decline of Fordism, both as a production process and an accumulation strategy, and the decline of the welfare state[2] contributed in various ways to this slowing of growth in the world economy (Boltanski & Chiapello 2005). Symptoms of this decline included an increase in inflation, a decline in employment, the reduction of workers' buying power and saturation of markets. Contributing to these were the rapidly declining profit levels of companies in the United Kingdom, the United States, Germany, France and Japan (Beaud 2001).

Compounding these events was the collapse of the Bretton Woods[3] international monetary management system in the early 1970s (Held et al. 1999), the key consequence of which was that the US dollar became delinked from the gold standard. This delinking made a number of oil-producing countries extremely worried since the oil they produced, which was their chief asset, was sold in US dollars. According to Beaud (2001), they became anxious as they saw their assets growing in a currency that was no longer as good as gold. In addition to their concerns about the worth of their oil as a monetary asset, the main oil-producing countries were also beginning to realise their collective and individual power to influence global politics and economics as Western capitalist states became ever more reliant on oil. For example, in 1965 oil consumption surpassed coal consumption for the first time (Buckman, 2005), making states that controlled the flow of oil potentially powerful. However, the control of oil in these countries had to be a national or state control of the resource as individual, or private company control was too unpredictable. In their belief that state control of oil wells was an imperative strategy to consolidate their power and influence on the global economy, most oil-producing countries began to nationalise their wells as a means of controlling their main economic asset.

The latter part of the 1960s saw political tensions simmering in the Middle East. Tensions came to a head with the 1973 Yom Kippur War, which acted as the catalyst that propelled the first oil crisis. Arab-Israeli conflict persisted in the region for decades and came to a head in 1973 when Egypt and Syria launched attacks on Israel. Arab states placed an embargo on oil in October 1973, as punishment for American support for Israel in the Yom Kippur War. The embargo was also imposed against Western Europe and Japan for their support of Israel. By the early 1970s, the great Western oil conglomerates[4] suddenly faced a unified bloc of producers (Yergin 1991). The Arab-Israeli conflict was thus the catalyst for a crisis very much in the making. The West could not continue to increase its energy use by 5 per cent annually, pay low oil prices yet sell inflation-priced goods to the petroleum producers in the Third World (Yergin 2011). The confluence of slow growth in the Western capitalist economies, the end of the Bretton Woods system, the OPEC oil embargo and the Yom Kippur War all contributed in varying ways to the 1973 oil crisis, the immediate impact of which was a rise in

oil prices. The price of oil rose from US$2 a barrel in 1973, to US$10 a barrel in 1974, to US$13 a barrel at the end of 1978. Following the 1979 oil crisis, oil reached US$30 a barrel in 1980.

The oil crises of 1973 and 1979 impacted differently on different segments of the commercial shipping sectors such as liner or container ship trade, dry bulk trade and liquid bulk or tanker ship trade. However, despite the varied nature of the shipping trades, consequences of the oil crises were common across all trades. To understand the impact of the rise in oil prices we need to examine the cost structures of merchant shipping companies. Oil and labour are key operational costs, with capital costs being a further significant cost to the shipowner. Costs can also be divided into four main categories. These are:

- Operating costs that include the expenses incurred in the day-to-day running of the ship – crew salaries, fuel, maintenance and administration of the ship from shore.
- Voyage costs, which are variable and include port charges and canal dues.
- Capital costs that include interest on capital repayments and venture capital costs, and are usually determined by the ways in which the ship has been financed.
- Cargo handling costs, which are especially important in the liner trade and consist of expenses incurred in the loading, stowing and discharging of the cargo.

Fuel cost and its impact on the industry

Key to the restructuring efforts of the shipping industry in the 1970s across all three trades was an effort to reduce operating costs, particularly those of oil and crew. The oil shocks sent the price of oil roaring up the scale at such speed that between 1973 and 1985, fuel costs rose by 950% (Stopford 2009). Prior to the first oil crisis in 1970, fuel accounted for an average of 13% of total fuel costs (averaged across all three trades). In 1978, fuel costs were 26%, 29% and 36% of the operating costs of tanker, liner and bulk trades, respectively (Gentle & Perkins 1978: 21) and after the second oil crisis it accounted for an average of 34% of operating costs – more than any other operational cost item. By 1996, fuel costs stabilised at an average of 47% (Stopford 2009).

The two oil crises and the subsequent staggering increase in oil prices spurred shipowners to demand ships that were designed to be more fuel efficient and able to run on cheaper fuel like diesel or cruder forms of oil. The oil crises, particularly the first one, gave much impetus to new technologies being introduced in ship design. Suffice to say that new technologies not only allowed for greater fuel efficiency but also allowed ships to be operated with fewer crew. Despite technological efforts at greater fuel efficiency, fuel costs since the end of 1973 continued to be one of the most significant operating costs to shipowners well into the 21st century. Given that fuel and labour are ship operators' main operating costs, the industry is subject to the vagaries of oil prices. From 2008 to 2014, oil prices soared by 289% (Knapp 2015), impacting on profit margins of shipowners. Continued developments in new engine technologies have assisted in ameliorating some of these costs. The drop in oil prices from 2015 has not meant immediate falling fuel costs for shipowners. The best strategy the industry has is to develop new fuel-saving technologies rather than rely on the unpredictable nature of fuel prices (UNCTAD 2014).

The impact of banking on the industry

In the 1950s and 1960s, shipping companies financed their ships through a system called charter back or, time charter, which worked as follows. Oil companies and steel companies (amongst other industries) that required their products to be transported globally had a vested interest in having ships carry their goods. These big industries offered shipowners time charters (fixed periods of time in which shipowners are guaranteed business by the corporation) on condition that their ships provided them a dedicated service. Shipowners could then use the time charter as cash flow collateral for a loan to buy a ship. However, at the end of the 1960s, time charter finance had almost disappeared as a viable form of ship finance (Stopford 2009). There were three main reasons for this. First the charterers (major industrial corporations) whilst providing a time charter, demanded bigger ships to transport larger cargoes. The financing of these bigger ships required more risk on the part of shipowners and banks who eventually decided that time charters did not sufficiently absorb the financial risk involved in buying ever-larger vessels. Second, there was a decline in growth in the bulk trade, specifically in the iron ore and oil trades from 1973. This meant that oil and steel companies did not need as many ships to transport their goods globally, and the number of time charters declined substantially. Third, the profits made in servicing one industry or company were relatively small, and the high inflation rates of the 1970s and 1980s eroded profits of shippers even more (Stopford 2009).

Given the capital-intensive nature of the industry, shipowners out of necessity turned to banks or financiers to fund their new ships. On average, a modern carrier vessel cost US$250 million, a double-hulled very large crude carrier (VLCC[5]) around US$90 million, and a chemical tanker around US$70 million. In such cases, shipping companies found that vessels constituted 90% of the fixed asset (the net block or actual ship plus any further planned capital investment to refurbish the ship). Finance to build these new ships was relatively easy to obtain from banks or consortiums of banks at the time, which also had some confidence in the outlook for the global economy. In many cases, as Branch (2012) argues, bankers were too quick to lend money; he feels that, in large part, irresponsible financing in the 1970s and 1980s contributed significantly to the recession in the industry. In this sense, the industry mirrored the various booms in real estate in the West – that eventually would lead to the 2008 global financial crisis.

In fact, the 1970s and 1980s saw ship bankers rethink their financing strategies. Bankers began to see ships as 'floating real estate' (Stopford 1997: 198). This was a profound new way of viewing ship financing since it removed the need for the link between supply and demand of (the actual need for, and use of) the vessels. During the period of time charters, the number of new ships to be built was determined by the number of time charters in operation. In 'removing this link there was no limit to the number of ships that could be ordered' (Stopford 1997: 198). Stopford recounts how easy it was to finance ships in the 1970s and 1980s: 'In the stampede for business, financial standards became so casual that loan syndications could be arranged by telephone with little documentation and few questions asked' (1997: 199).

The 29th Session of the Joint Maritime Commission (JMC) of the ILO held in Geneva, 2001, corroborates Stopford's assessment of the banking situation. The JMC contends that one

of the reasons for the crisis in the shipping industry in the 1970s and subsequently in the 1980s, was irresponsible commercial bank lending. In the 1970s and 1980s, banks were solely responsible for the funding of speculative ship purchases which led to an oversupply of ships, depressed freight rates and increased pressure on labour costs. During this period, ships were not financed by equity funds and, as such, banks had to bear sole responsibility for creating the structural problem of having too many ships on the market to allow for an acceptable profit. Banks could not sell ships off as scrap, since scrap prices were at an all-time low. They were forced to keep their assets afloat and trade or sell them whenever the opportunity arose. This had the effect of compounding the situation since ships sold or auctioned at a fraction of their recent original costs, were now re-entering the market at rates reflecting their new low value, thus exacerbating freight rates even further (Lorange 2001). Since the turn of the century, banks and consortiums of banks continue to be key funders of shipping companies. However, the manner in which the funding is now raised is different and less risky.

The tendency towards FOC shipping

There is a strong tradition of shipping being a global industry. Historically, shipping companies provide examples of the world's first globalising companies. The globalising of the shipping industry can be traced back to the age of mercantilism (trading for profit) and the logistical networks they created for the construction and maintenance of European empires. Grey (2001) contends that the globalised shipping companies of mercantile Europe, such as the Dutch and British East India companies, were even more economically consolidated and powerful than contemporary shipping and electronic multinational companies. The European dominance of shipping capital (control and ownership of the shipping industry) continues today, although American and Asian shipping capital enjoy a sizeable share of the market (Lobrigo & Pawlik 2015).

The practice of FOC shipping can be traced to the 1920s, when United States shipowners shifted the registration of their vessels to Panama and Honduras to reduce operating costs (Northrup & Rowan 1983). Both Panama and Honduras maintained the monopoly on FOC registers until 1949. From 1949 onwards, after a series of negotiations with shipowners and oil companies from the United States, Liberia emerged as a new FOC registry. For the next 30 years, the triumvirate of Panama, Liberia and Honduras (known in the shipping industry as the PanLibHon registries) would be the dominant FOC registers. The labour historian Rowan Cahill (1999) argues that shipping capital has always been driven to reduce labour and taxation costs. For example, as far back as 1939 shipping capital sought to circumvent maritime trade unionism by registering under FOCs. The extent of FOC shipping during this period was negligible when compared to present-day use of offshore registries. For example, in 1948 the Liberian ship registry had only two ships registered.

According to Koch-Baumgarten (2000), shipping was an intensely national affair until the 1970s. Merchant ships and their seafarers were viewed as extensions of their nation states. There was thus a firm link between the flag state and the ships of its merchant fleet. From the 1970s onwards, he argues, this link began to rapidly diminish. From 1980, spearheaded by the oil and banking crises of the mid-1970s, shipping companies, in an attempt to further

reduce their labour and operating costs, were spoilt for choice on where to register their ships offshore. This was because more countries of the South began to compete with each other by opening FOC registries in an attempt to attract European and American ships, and hence attract foreign income to their revenue. Soon Costa Rica, San Marino, Sierra Leone, Lebanon, Cyprus, Haiti, Oman, Somalia and Singapore were competing as new FOC registries (Brennan 2000). FOC shipping and multinational crewing from the South grew exponentially from the 1970s and 1980s to encompass more than 20 other registries. For example, according to the ITF, in 1950, 5.5% of the global shipping fleet registered offshore under FOCs. By 1960, 21.6% had done so. By the late 1990s, more than 50% of the global merchant navy fleet (equal to 80 000 vessels) had flagged out. From 1989 to 1999, a period of 10 years, FOC shipping increased by 19.5%.[6] In 1999, 64% of the world's fleet (by tonnage) was part of the FOC system. In 2014, 74% of the world's shipping fleet operated under FOC conditions (across 35 flag states), demonstrating an increase of 10% since 1999 (UNCTAD 2014). Panama, Liberia and the Marshall Islands continued their decades-long domination of FOC shipping with the bulk of ships registered in these three states. The list of the top 35 FOC registries can be viewed in the UNCTAD 2014 report.

Article 5 of the 1958 Geneva Convention on the High Seas makes it necessary for vessels to be registered on either national or FOC shipping registers. By flagging a ship out to another country's flag, shipping companies circumvent the labour and maritime laws of the country where the ship is owned. In 2001, the owners of most ships were based in the traditional maritime nations of Europe, North America and, to a lesser extent, in Asia (ILO 2001). By 2014, European ownership patterns remain, with Greece and Germany dominating ship ownership. However, there is a significant shift to Asian ship ownership, most notably in China, South Korea and Japan. Saudi Arabia also emerges as an important ship-owning country, and in North America, Canada is identified as an important ship-owning country by the UNCTAD 2014 Review of Maritime Transport. For the foreseeable future, Europe and Asia will dominate the world in terms of ship ownership.

Due to high ship registration costs, regulatory labour laws and the high cost of seafaring labour in the traditional maritime nations, shipowners register their ships offshore, mostly in smaller countries of the South. Ships registered in these countries then fly the flags of these offshore registry nations. These states are paid a registration fee and, as such, FOC registration provides a means for these countries to earn foreign income (Barret 2001).

In most cases, the shipowners can register their vessels to another country without physically leaving the country of ownership. For example, Liberia has FOC ship registration offices in the United States. Panama has an Internet site that shipowners can use to register their vessels. Hence, there is no link between the state where the ship is owned and the state where the ship is registered. The flag of the state under FOC shipping no longer serves as a symbol of nation state authority, but instead assumes what Barton (1999: 144) refers to as geoeconomic and geopolitical significance. By taking advantage of the less-regulated economies of the South, shipping companies have shifted the economic landscape of ship registration in order to reduce operating costs.

The criteria for open registry are easily obtainable. This may mean that the standards of operating vessels are lower or nonexistent. Although, as both Branch (2012) and Stopford (2009) indicate, this is not always the case, analyses of merchant navy accidents indicate this as a distinct possibility. Further, the country of registration allows ownership or control of its merchant vessels by noncitizens. FOC registration allows for the following:

1. The country of registry is a small power that allows the manning of ships by nonnationals.
2. The country of registry has neither the power nor the administrative machinery to impose any government or international regulation, nor has the country any wish to, or the power to, control the shipping companies itself.
3. Taxation on shipping companies' profits is low or nonexistent. The country of registry obtains a registry fee and an annual fee based on tonnage of vessels registered. However, FOC registries increasingly demand higher registration fees in order for these registries to generate increased levels of revenue. One method of increasing revenues in traditional FOC registries is to increase the type and amount of taxes that may be collected.

The 2014 UNCTAD report also indicates that whilst the majority of ships are foreign flagged, the countries of beneficial ownership (the countries that actually own the ships and to which profits accrue) are mainly industrialised rich countries. The top five of these countries are Greece, Japan, China, Germany and the Republic of Korea. The world's countries with the most developed economies enjoy a high proportion of the ownership of deep-oceangoing vessels. European countries such as the United Kingdom, Norway and Denmark, along with the United States and Asian countries like Singapore, further dominate ownership of shipping companies (whilst flagging their ships elsewhere).

FOC shipping and labour costs

For FOC shipping to be declared a success for shipowners, there has to be a substantive impact on labour costs. Labour costs are an outcome of the size of crew needed on a particular vessel as well as the employment policies an owner adopts regarding the employment of his crew, and the employment policy of the ship's flag state. Crew costs include basic salaries and wages, social insurance, pensions, victuals and crew travel and repatriation expenses. The number of crew required to operate a vessel depends on a series of factors. These include the prescribed number of crew legally required to operate a particular vessel as laid down by the flag state of the ship.

Labour costs pre-1973 were 40% to 50% of total costs across the liner and bulk carrier trades. The shift to FOC shipping saw this decline to between 24% and 30% of total operating costs. By 1975, crewing costs comprised 25% of total expenses of ships in the liner trade, 17% in the bulk trade and 12% in the liquid bulk trade (Gentle & Perkins 1978). Since 1975, it has become a rarity for crew costs to be beyond 30% of total costs, and even 30% is now often considered too high (Branch 2012). In 2015, given the development in new technologies and further reductions in the number of crew needed to operate ships, crewing costs remain approximately 30% of total operating costs. This is of course dependent on the type of vessel being crewed, and whether the crew are unionised or not (Drewry 2014).

The case of Unicorn Shipping

An analysis of the flagging practices of Unicorn Shipping,[7] a South African merchant shipping company in terms of ownership, explicitly demonstrates the multinational strategies employed by shipping companies to remain competitive in this industry. Unicorn Shipping clearly has a global reach and scope in terms of flagging, management, crewing, and ownership. None of the vessels operated by this South African shipping giant are flagged on the South African ships register. There are further divisions between companies and countries operating the ships, and the companies and countries effectively owning the ships. In this case, there is a preference for the traditional flag states such as Liberia, Panama and Cyprus, but even the ship registers of Australia and the United Kingdom are seen as fiscally preferable to the South African one. In my attempt to compile a list from data provided to me by Unicorn, it became exceedingly difficult to deconstruct and tease out ownership and management structures, as they were often multilayered and complex. For example, in 2009 the vessel Stolt Ntombi flew a Panamanian flag, was technically managed by a Dutch company and its ownership was split between South African and Norwegian shipping companies. The vessel was built in 1991 in Japan. It was registered as the May Fair 1 from 1991 to 1997 and owned by a Panamanian company called Gateway Shipping. During this time, it flew the Panamanian flag. From 1997, Unicorn Shipping in South Africa leased the tanker from Gateway Shipping and it sailed under a new name, Ntombi. During this time, the vessel was managed and serviced by Unicorn Shipping. The ship management function then shifted in 2003 to Southern Tankers in South Africa and in 2006 shifted to Stolt Nielsen. One must also take note that Unicorn Shipping, Stolt Nielsen and Gateway Shipping all have numerous subsidiaries that have numerous locations and sources of ownership, which further expand the tendrils of shipping capital. The vessel no longer appears on Stolt Nielson's fleet and given the nebulous structure of FOC shipping, it is unclear if it has been scrapped or sold onwards.

Changes in organisational structures of shipping companies

The second tendency shipping companies engaged in to ensure their commercial success, was to change their organisational structures. This was very much in keeping with global post-Fordist trends of the time (1980s) to make organisations more flexible, and for increased commercial viability. Three developments were key to the organisational restructuring of shipping firms. First, there was a separation of ownership structures from management structures as shippers moved towards third-party management or ship management companies. Second, there was a global consolidation of individual shipping firms into massive multinationals through mergers and acquisitions and third, there was an organisational shift in business strategy that saw shipping firms expand their commercial interests into other forms of transport or transport logistics businesses. All three strategies were geared towards organisational rationality to make the core businesses more profitable.

The flexibility of organisations, Castells (1996: 16) argues, is an outcome of the 'new technological paradigm on social organisation.' The ability of shipping capital to be flexible in terms of its management of ships was key to the survival of the shipping industry in the

1980s. Flexibility of organisational structure occurs as a distinguishing characteristic of a new system of large-scale capital-labour relations. This new system was the development of the ship management company. It operates within a larger system of capital accumulation.

The crisis in the shipping industry in the 1970s and 1980s due to the combined crises of oil, and speculative finance of commercial banks' oversupplying the industry, left many shipowners in the traditional maritime nations looking for cost-cutting strategies. Generally, three strategies were pursued. The first of these was to simply abandon the shipping industry. Some companies left the shipping industry to focus on their more profitable subsidiaries. For example, the British company Ocean Transport (also known as Blue Funnel) sold its shipping interests and restructured into a logistics company. The second common tactic was to flag ships out to open registers, which allowed them to make significant and immediate labour cost reductions. The third tactic was for shipowners to manage ships for other owners as a means of utilising surplus management capacity (Sambracos & Tsiaparikou 2001). For example in 1983, P&O Maritime won a contract to manage four tankers owned by one of the Gulf States. This was in addition to the 15 ships it managed for various other companies.

Third-party ship management prior to 1970 was practised in a limited way by the traditional maritime nations, but the scale was incidental. The trend towards third-party management resulted in a number of in-house management buyouts, or the creation of self-sufficient but wholly owned subsidiaries of technical and personnel management services. Many of these commercial activities were facilitated by the mergers and acquisitions that began to characterise the shipping industry in the 1990s. Again, this had a direct impact on the way labour was sourced and valued. Shipowners were looking to cut their overheads, and these new ship management companies promised to do just that by cutting labour costs. By and large, shipowners were unfamiliar with seafaring labour from the South (except India) and trusted the specialist knowledge of the ship management company to deal with this aspect of labour sourcing. In order to keep and renew their contracts, ship management companies had to visibly reduce the cost of running these ships.

As ship management companies have developed and expanded, they have become the world's largest employers of seafarers. A ship management company is a company that provides a range of services to a shipping company. These services include providing technical ship management, information technology services, offshore maritime services, port and terminal management services and commercial management functions. Crew management may be provided by some management companies, although crew management services are usually a subsidiary of the ship management company. Such is the scale of their labour requirements and their consequent need for efficient organisation (Lobrigo & Pawlik 2015) that they have collectively become a powerful source of labour market stability. Ship management companies need reliable and predictable labour supply lines in order to function effectively. In order to assure the quality of the seafarers provided, a number of ship management companies initiated their own training programmes for officers and ratings. This consolidation further ensured that ship management companies are also geographically close to the new seafaring labour markets.

The power of ship management companies is enormous and illustrates the global nature of the industry. They epitomise the post-Fordist tendency to decentralise organisations through outsourcing activities. Ship management companies promise to increase profits through lean and mean management practices. In August 2015, Univan merged with Anglo Eastern Group to become one of the largest ship management companies in the world: the Anglo Eastern Univan Group. In 2015, this ship management company was responsible for managing 24 000 seafarers and 700 ships, making it one of the top three ship management companies in the world. These companies remove the 'burden' of crewing and management of ships from actual shipowners, thus keeping with global trends of outsourcing in the private sector. Ship management companies have established deep and personalised networks in the labour supply countries, often reaching into the training institutions of those countries. As the ILO Report (2001: 15) states, 'social capital of this kind is not easily accumulated.' At the same time, however, the report suggests that an interest in maintaining the status quo of the labour market is no guarantee of its continuation:

> All it would take is one large ship management company to seek the short-term competitive advantage of opting on a large scale for a significantly cheaper source of labour to send competitors off in pursuit.
>
> (ILO 2001: 15)

If this had to happen, the impact would be similar to the scramble by shipping capital towards FOCs in the 1970s. According to Goulielmos et al. (2011), the geography of the ship management companies is now firmly established. Its main centres are in northern Europe including the Nordic countries, Greece, Southeast Asia (China and Singapore), Japan and the United States, and its main customers are from the same regions. In 2015, these global patterns have remained unchanged. The total seagoing labour force of ship management companies was approximately 50 000 in 1994 and has almost doubled since. Most of this labour was Filipino, Indian and Eastern European (Drewry 2012). One could argue that the move towards ship management companies is about the enhancing of organisational capacity by preserving economies of scale (Castells 1996). In many ways, the ship management company is capital's way of overcoming and adapting to the financial rigidities and complexities that the economic crisis provided.

Another movement that increased FOC shipping and the multinational crewing of merchant navy vessels is the increased competition between shipping companies as a result of mergers and acquisitions. Grey (2001: 209) contends that in the shipping industry size clearly matters where scale economies, fierce competition and market share drive shipping competitors to slash labour costs in an effort to stay in business and prevent being bought off. A consequence of this is that thousands of smaller shipping companies have been run out of business due to their failure to cut operation costs (Goulielmos et al. 2011). Increasingly the privately owned limited company is becoming extinct. Equity-funded and listed companies are the norm when it comes to the ownership of large fleets of bigger and more sophisticated vessels. Throughout the 20th century, there was a concerted move by shipping capital in the traditional maritime nations to concentrate ship ownership to a few global firms (ILO Report 2001). Now as shipping moves into the 21st century, it becomes clear that ship ownership will be concentrated in the hands of a few global corporations. A key implication of

this for the labour market for seafarers is that the nature of the employment of seafarers will be influenced significantly by these global corporate giants, since they have consolidated economic and organisational power further through their mergers and acquisitions.

By the end of the 1990s, only six global carriers were running containerised shipping (Grey 2001). This was mainly a result of mergers, take-overs and acquisitions during the 1990s. Three major mergers that took place in the shipping industry in the 1990s were the Wallenius-Wilhelmsen merger in car carriers, the Hoegh-Unicool merger in reefers (refrigerated cargo ships), and a Stolt-Nielsen purchase of Van Ommeren in the chemical transport sector. The Wallenius-Wilhelmsen merger created a fleet of 80 ships and a 35% market share, and Stolt-Nielsen further consolidated its already dominant position (ILO Report 2001). In 1997 alone, the economic consolidation of three major players in the shipping industry took place. Pentow Marine merged with SmitWijs to form Smit Pentow Marine at the same time as the Neptune Orient Lines' US$825 million acquisition of American President Lines (Lloyds List Africa Weekly: February 1999[8]). In 1999, Danish shipping companies AP Moller-Maersk acquired the South African shipping company Safmarine, for US$240 million. These are just a few examples of mergers and acquisitions that reached a frenzy in the 1990s. Most mergers took place between 1960 and the late 1990s. The most significant recent merger occurred in 2014, and was the merger between Hapag-Lloyd from Germany and Compania Sud Americana de Vapores S.A. from Chile (UNCTAD Report 2014).

In keeping with the metamorphoses of capitalism, shipping companies are adopting integrationist and diversification strategies of their corporations. Through the 'vertical and lateral' ownership of ports, terminals, warehousing, road transport, railways, freight forwarding and feeder ships, the shipping companies are consolidating their assets (Grey 2001). Whilst these strategies of consolidation are similar to those adopted by shipping companies in the 19th century, there are significant differences. Nineteenth-century consolidations operated from the premise that shipping was the company's core function, and all other acquisitions were to be arranged around facilitating this function. Contemporary consolidations however are arranged around the formation of global corporations whose business is structured around global networks and transport flows, of which 'ships are but one element' (ILO 2001: 6). This continues to hold true as demonstrated by the 2014 UNCTAD report. Thus, many contemporary shipping companies are involved in a range of global transport operations, including trucking, air transport, railways, and ferries as a means of ensuring the smooth and continuous flow of goods and commodities from ship to harbour to final destination. These were the reasons cited for the Hapag-Lloyd from Germany and Compania Sud Americana de Vapores S.A. merger in 2014, for example. This is enabled through mergers of shipping companies with other types of transport companies and the expansion of exclusively maritime companies into other transport sectors. The ship is one of many (and not the primary) factors in the new global transport logistics networks. This involves an immense investment by companies in the physical capital of the places they service. This includes the active finance and building of transport infrastructure including roads and railways from ports. However, in investing this physical capital as a means of facilitating the accumulation of profit, shipping finance capital also creates the conditions necessary for the increased solidarity amongst different transport workers who service these new global transport networks.

The case of Safmarine

The story of Safmarine in many ways represents the rise and fall of South African ship ownership: Safmarine was the outcome of global processes, and its subsequent decline was also the outcome of global processes. This demonstrates two points – that processes of financial globalisation were operational even in the mid-1940s, and that the reconfiguration of shipping capital and seafaring labour markets is tied to cyclical patterns of capitalist reconfiguration. This helps us answer the broader questions of how and why global labour markets (and national labour markets) for seafarers reconfigure over time.

Safmarine has its roots in a venture between American and South African capital in 1945 (Ingpen 1996). Global shipping enjoyed resurgence after the Second World War (from 1945). This was spearheaded by massive postwar migrations of people from Europe to North America; postwar reconstruction in both Europe and Japan relied on ships moving large amounts of cargo and food aid around the world – thousands of soldiers and refugees needed to be repatriated from a number of various points across the globe. South Africa's racialised Fordist economy was experiencing a commodities boom, with the mining and industrial sectors growing exponentially. These sectors required cargo vessels to aid both the import of new industrial equipment and the export of goods (Ingpen 1996). A further incentive for shipowners to add new ships to their fleets was that freight rates were very high due to a shortage of vessels in the world's fleet – a result of scores of ships being destroyed during the War.

Prior to the Second World War, the Union of South Africa engaged the services of overseas-owned shipping companies. The primary company used was the Union-Castle Steamship Company. This arrangement worked well and the economy did not warrant an independent South African-owned shipping company. Post 1945, the changing global and national political economy meant that a real business opportunity existed for developing a South African merchant fleet (Ingpen 1996). However, many challenges faced such a venture. In terms of appropriate human capital, ship management expertise was limited in South Africa. South Africans who had such skills were working for overseas, mainly British, shipping companies. This was compounded by the fact that seafaring labour, especially at the officer level, was scarce. South African officers (only white South Africans were allowed to obtain the rank of officer), after completing their experiential training in the training vessel General Botha, either chose to work in shore-based jobs or work in the British merchant fleet (Harvey 2002).

Despite these challenges, American shipping capital in the form of States Marine Corporation (SMC) approached Steel Sales Company (the marketing arm of ISCOR) about the possibility of forming a South African shipping company. SMC's vision of this South African shipping company was one that would be financed in part by SMC, but operate as a national South African fleet. SMC agreed to supply the bulk of the vessels for this fleet. After a series of negotiations, it was agreed that whilst American capital would be invested in the new shipping company, and the fleet consist of American SMC and South African ships, control of the company would remain in South African hands. This was cemented in the 1950s when it was

agreed that only a South African could be managing director and chairperson of Safmarine. The South African Marine Corporation was officially registered as a shipping company in June 1946 (Ingpen 1996).

The new fleet was flagged and registered in South Africa. It was agreed that the fleet would be crewed by South Africans only, despite the shortage of South African seafarers at the time. The development of a national fleet invigorated the training and development of national seafarers and many South African officers who were servicing British vessels returned to work in the new national fleet. Further crew were sourced from the South African Navy, the fishing fleet and from the whaling fleet (Ingpen 1996). Crewing was racialised, with white people occupying officer ranks and Indian, coloured and black South Africans occupying the rank of ratings. Even amongst the ratings, specialisations were further racialised. Indian South Africans were viewed as making better cooks on board; coloured seafarers were seen as making excellent servers and able-bodied seamen. Safmarine also capitalised on the Zulu seafarers who were working on coastal routes in South Africa. They were seen as an existing pool of talent that already had the skill to sail, and were further trained to service international routes that sailed out of Durban. Coloured seafarers served on international routes that sailed out of Cape Town. At the peak of employment of South African seafarers, Safmarine ran a scheme that allowed for the placement of South African school-leavers straight from school onto cadet training ships in its fleet. This was possible since the company had a large fleet, and the global regulation of seafarer training through the IMO was not yet in force. During the period 1996 to 2014, the rapid decline of a national fleet combined with global regulation of seafarer training contributed to a sharp decrease in the number of employed South African seafarers. By 1993, however, Safmarine's crewing strategy was already changing due to FOC shipping and the rise of cheaper labour markets. In response to these global developments, the company founded Safman Shipping Ltd. This was to be Safmarine's crewing administration division. It was located on the Isle of Man. Again, this practice was in keeping with developments in the wider industry (Harvey 2002).

From its inception in 1946 to its eventual sale to AP Moller-Maersk in 1996, Safmarine enjoyed a successful business life. At its peak, it had over 50 nationally flagged vessels in its fleet and employed hundreds of white officers and black ratings. It was pivotal in developing a range of seafarer training initiatives, though these were targeted at training for its own needs rather than those of a global labour market. The most serious challenges that faced Safmarine were trade sanctions from the mid-1960s to the early 1990s. The antiapartheid movement formed solidarities with organised maritime labour, especially dockworkers at global ports. This meant that South African flagged ships were often not serviced when they docked. The profit levels enjoyed by the shift to containerisation were mitigated by trade sanctions, protests, and having to buy oil through circuitous routes due to trade sanctions. This meant that the oil used by Safmarine was usually more expensive than that purchased by shipping companies owned by democratic countries. This was most acutely felt in the 1980s (Harvey 2002).

In the 1980s, the company needed to respond to bad trading conditions, trade sanctions and the prohibitive cost of oil. The cost of oil was compounded by two factors for Safmarine.

First, the world had experienced profound oil crises in the 1970s that escalated oil prices, and second, Safmarine paid more than the going rate for oil due to the antiapartheid embargoes on selling oil to South Africa. This, compounded with the general downturn in the global economy after the 1979 oil crisis, witnessed Safmarine adopting a range of post-Fordist strategies to keep profit levels from falling further. These strategies included:

- A shift to new technologies, including containerisation of its fleet.
- Reflagging some of its vessels to avoid trade sanctions.
- Reflagging to reduce labour costs as cheaper labour markets emerged.
- Reflagging to benefit from reduced fiscal costs.
- Organisational restructuring of the company to diversify its interests. To this end, it diversified into tourism (Sun International), air transportation (SAFAIR) and shore-based operations that included purchasing Citiliner, Creda Press, Management Computer Services and Safren Computer Services. All except Safren were sold by the early 1990s.
- An eventual 1991 merger with Belgian shipping company, CMBT, in 1991.

These strategies of engaging in FOC shipping, mergers, acquisitions, diversification and organisational restructuring were not unique to the company and were being executed globally and more aggressively by a range of global and especially European shipping companies. It represented the zeitgeist of post-Fordist reorganisation strategies for the shipping industry globally. The zenith of this process for Safmarine would be its eventual acquisition by the Scandinavian shipping company AP Moller-Maersk. A profound consequence of this acquisition was that the entire South African fleet was reflagged and re-crewed by labour from new and cheaper labour markets.

The impact of new technologies on a diverse industry

Different types of ship design are an attempt to manufacture vessels that are suited to the different types of tasks and cargoes they are designed to perform and transport. Given that a ship is literally mobile capital, it follows that in order for maximum profit to be realised for the shipowner, the most appropriately designed ship must be utilised for the transport of different types of cargo. It also stands to reason that differently designed ships will have different crewing requirements, operating costs and potentials for profit. I limit my discussion to liner or container ships, bulk carriers and tankers (bulk liquid vessels). These are the most significant ships in the world's merchant fleet in terms of deadweight tonnage, and together, constitute 84% of the world fleet tonnage (UNCTAD Report 2014).

The multipurpose cargo liner that was popular in the 1960s has virtually become extinct and the last of this type of vessel was built in 1970. The reason for its demise is that the ship required loading and off-loading of cargo that is both time and labour intensive. It is essentially a precontainerisation-era ship, requiring an extensive amount of labour to crew as well as a substantive number of dockworkers to load and off-load cargo, all of which proved to be too expensive for shipowners (Branch 2012).

Container ships and new technologies

Container ships have been the most significantly affected by technological developments within the industry. The development of containerisation of cargo as a means of managing the increasing growth in goods to be transported for a growing world economy would revolutionise the liner trade. This was not just the development of container units but the computerised control of these units on, around and off the ship. It allowed for a means of distributing goods in a unitised form, which made possible a more efficient intermodal transport system that includes rail, road, canal and air transport systems (Branch 2012). The use of intermodal transport also means that ships now need to call at fewer ports, since the containers can be easily off-loaded in record times and transported to other cities or ports or even countries by other modes of transport. For example, container ships are now more likely to call at US West Coast ports of Long Beach and Los Angeles in the USA from where containers due at Gulf Coast and some eastern coast ports are transported by rail. Some containers are railed as far as Mexico from American western ports. Such intermodal transport systems would not be possible without developments in computer and communications technology. The advent of containerisation and the subsequent development of an intermodal transport system allowed liner companies a rationale to rationalise their fleets, significantly reducing the number of ships and seafarers required in their pre-containerisation fleets (Branch 2012; Stopford 2009).

A container ship is, at the risk of oversimplification, 'an open box in which containers can be stacked' (Stopford 1997: 394). Containers are stacked on top of each other and held in place by hatches which are the width of the ship's hold. The hatches are fitted with cell guides that allow the containers to be moved into place, loaded and off-loaded. The cell guides are computer controlled, allowing for the sophisticated stacking of cargo. Given that a container ship may call at several ports, the cell guide must be programmed to expertly load and off-load the appropriate containers at the appropriate ports. Containerisation and the use of cell guides has reduced severely the use of labour both on the ship and on the dock since the labour intensity of the process of loading and off-loading has been reduced. Further reducing the number of seafarers and shore-based maritime workers is the increasing use of computers whilst at sea. Communication technology has made possible an instant link between container ports and ships at sea. Laborious tasks such as stowage plans, bills of lading and figuring out container terminal layouts can now be almost instantly processed, making the time that container ships spend in ports minimal. This allows shipowners maximum use of their vessels and labour as it decreases the downtime or unproductive use of the ship (Branch 2012).

Containerisation has also increased the pace at which seafarers have to perform tasks when ships dock at port. The turnaround time aspired to by most shipping companies is now 24 hours. This often means that ships are docking at more ports in shorter periods of time, further contributing to the intensification of work for seafarers. This also has the effect of reducing recreation time for seafarers on shore when their vessels dock. Less than 24-hour turnaround times are now the norm for container services.

Container ships are also fuel intensive since they are designed for speed and volume. As container ships get larger they also get faster. For example, a feeder containership at 499 TEUs[9] has a speed of 13.8 knots, whilst a behemoth post-Panamax[10] ship at over 4 000 TEUs travels at a top speed of 24 knots. The knot is a unit of speed equal to one nautical mile (1.852 km) per hour. It is used to denote the speed of cargo ships and is the standard descriptor of maritime navigation. Given the need and design for speed and size, container shipowners were profoundly impacted upon by the various crises of the 1970s. Given the major rise in oil prices, the rationalisation of fleets through the use of intermodal transport systems and the subsequent reduction in labour and fuel costs was a strategy that made possible the continued profits for liner shipping companies. As technology continues to develop, new types of containers are being developed. It is now not uncommon to have container ships transporting food in refrigerated containers and agricultural produce in ventilated containers.[11] In 2014, developments are underway to manufacture containers using carbon fibre composites instead of steel. This will make containers lighter, thus potentially increasing the number of containers that can be shipped. It may even reduce fuel costs since lighter vessels require less fuel to transport lighter cargo. New composite material will allow the containers to be folded flat, reducing storage space and costs. Such containers will also be more secure since port security could scan them with lasers to inspect their contents as opposed to opening each container to verify its contents (*The Economist* 2014[12]).

Ro/Ro ships and new technologies

Ro/Ro ships refer to Roll On/Roll Off ships which are a type of container ship. These ships were designed after the 1960s to transport cargo that cannot be containerised. It is also a solution to the problem of handling a combination of awkward bulk cargoes and cargoes that cannot be containerised. It is essentially a cargo ship with access via ramps (instead of hatches). Developments in new technologies since the 1970s have made possible a number of innovations on Ro/Ro ships. The modern Ro/Ro vessel now has computerised decks in which different types of cargo can be stored. The inclusion of computer-controlled decks and ramps means that forklifts and similar loading machinery can easily access the decks and storage areas to load the cargo. Cargo is also loaded in the form of pallets and bales. Motor vehicles are commonly transported by Ro/Ro ships. Despite not having cell guides, Ro/Ro vessels nonetheless have fast turnaround times at ports due to their deck and ramp designs which do not need specialised port equipment to operate. Modern Ro/Ro ships require a minimal number of dockworkers and seafarers to load and off-load cargo. Operation of the ramps requires the expertise of two seafarers at most.

Dry bulk carriers and new technologies

Bulk carriers transport a range of bulk cargo including grain, phosphate rock, iron ore, coal and a range of toxic chemicals. The technology used to load and off-load bulk carriers ensures quick turnaround times and minimal labour costs. The technology is usually in the form of modern cranes or derricks that are built on the ship.[13] For the bulk carrier trade to be successful it requires the use of economies of scale; by using large vessels, massive savings are achieved. Of course, there are limits to the use of such large vessels. Briefly, not all ports can handle and process such large vessels and specific industries may not want such

large deliveries of a specific product. The bulk carrier trade is often a compromise between smaller, more expensive ships that are more flexible, and larger, less expensive ships that are inflexible. Ironically, the same amount of crew is usually required to operate a large vessel with more cargo than a small vessel with a small amount of cargo. Modern bulk carriers can operate with as few as 15 to 17 crew as a result of computer-aided technology. This is opposed to the 30 to 40 seafarers required to work on bulk carriers that operated in the 1960s (Stopford 2009).

Tankers (liquid bulk carriers) and new technologies

The main types of bulk liquids that are transported by tankers are crude oil, oil products, chemicals, wine, molten sulphur and liquid gas (Branch 1996: 4–6). Oil tankers compromise the largest share of the world's tanker fleet, accounting for 29% of the fleet (UNCTAD Report) (Stopford 1997: 406) when measured in dwt. New technological developments in pump technology have improved significantly the intake and discharge of liquid cargoes into and out of tankers. These tankers rely minimally on port-side equipment to discharge or pump in their cargo. The main technology required at ports is the ability to lock the pumps. Tankers have their own pump rooms and pumps on board. A series of pipes network along the deck, linking the tanks to two banks of manifolds on either side of the ship. The manifolds are then connected to the shore-based pipe system by flexible hoses that are manipulated by the ship's on-board cranes (Branch 2012). The flow of oil in terms of volume and speed is controlled by a computer programme operated by highly skilled seafaring labour (usually one or two men at the most) from the bridge of the ship (Stopford 1997: 408) The development of pump and crane technology reduced the amount of labour required both on board and on shore.

Consequences of technology

Despite the levels of specialisation, there were two common threads towards employing new technologies to ameliorate falling profit rates. The first way was to employ new technologies to rationalise costs of fuel for shipping companies. Fuel is an escalating cost in the industry, and new technologies are geared towards making ships of all types more fuel efficient.

Second, new technologies were aimed at reducing labour costs through increased automation of the labour process. Labour costs were the most variable of costs to shipowners and cheaper labour could be sourced as opposed to cheaper oil. Not only could cheaper labour be sourced, but new technologies meant that less labour was required to crew ships. Further new technologies meant that less skilled (and hence cheaper) labour could crew ships as the labour process became automated. For example, modern-day vessels no longer require their engine rooms to be manned at night. Also, the extent of automation also means that tasks such as refuelling of modern deep-sea vessels now require the efforts of one seafarer only as opposed to five or six pre1975. Top-of-the-range deep-sea vessels (across all three shipping trades) can operate efficiently and safely with a crew of 17 (Drewry 2012) and ship designers are pushing technological frontiers that would allow a crew of 10 to safely operate a deep-sea vessel. Indeed the size of crews needed to work on certain vessels has been halved (Kahveci 1999). Kahveci in his 1999 report shows how vessels that were previously crewed by 30 seafarers are now crewed

by 15 seafarers and in one case, a crew was reduced from 22 seafarers to 9. The Drewry 2012 report affirms that 14 years later, the number of crew required to operate vessels can be in the single-digit figures but is rarely below nine. However, new technologies have not allowed yet for crewless ships, and automation levels have stabilised. Technological advancements are now targeted at reducing fuel costs since it seems that crew levels cannot be reduced further unless complete automation of vessels occurs.

In both cases, seafarers reported that despite new technologies on the ship, meant to work as labour-saving devices, a reduction in crewing levels meant an intensification of work for them. The development of the microchip in the 1970s saw computers introduced onto ships to monitor and control engine-room activity. A number of seafaring functions became technologically Taylorised and could be performed by computer-aided technology. By Taylorised, I mean that the work processes that were once relatively complex and performed by a seafarer now become simplified and performed by new technologies. This may require seafarers to merely operate computers or equipment by pressing buttons or inputting data into software as opposed to actually engaging or performing the task itself. A process of deskilling (erosion of skill) therefore takes place. Taylorisation has its entomological roots in the work of Frederick Taylor, the founder of scientific management. This led to a reduction in the engine-room staff. A second example is that the introduction of electronic distress communications abolished the position of radio officer. The new technologies involved in the development of more efficient merchant vessels required further reductions of the number of crew required to operate the vessels. In 1991, the Joint Maritime Commission (JMC) recognised that the rise of new maritime technologies had a significant effect in reducing employment at sea (ILO 2001).

Third, new technologies increased the productivity of new vessels in two ways. The introduction of containerisation was the first technological revolution in this respect. Containerisation would also make possible the second innovation, which was the creation of seamless links between ship and shore transport of all types of cargo (intermodal transport). These innovations have profoundly altered the nature of the industry.

Conclusion

FOC shipping allowed shippers to access cheaper labour markets as well as to reduce the fiscal and monetary burdens of operation. The global labour market for seafarers was reconfigured with a preference of shipping capital to hire seafarers from countries they had not hired from before, and away from the more expensive labour markets of the traditional maritime countries of Western Europe and North America. The changing organisational structures of shipping companies meant an outsourcing of the crewing function of shipping companies and the advent of new technologies both reduced the number of crews needed to service certain types of vessel whilst simultaneously intensifying the work of seafarers, but also allowing for safer ships, making a career at sea more appealing for many potential mariners.

In Chapter 5, I look at the role of organised labour as shaper of maritime labour markets and, specifically, how a labour union in the Philippines was instrumental in creating employment for Filipino seafarers – in contrast with South African organised labour.

Endnotes

1 Post-Fordism refers to a type of capitalism that emerged in the mid-1970s that saw a fetishising of flexibility of labour markets, work organisation, economies and organisations as lubricant for capitalism's tendency to accumulate profit. This is in contrast to the Fordist period of capitalism, which dominated the West between 1945 and the early 1970s. Fordism saw a political and economic stability as states and capital tried to balance mass consumption with mass production, by ensuring secure labour markets, large-scale factory production and more worker-friendly labour policies. Fordism is also referred to as the golden age of capitalism.

2 The welfare state has its roots in Western Europe. It can be understood as the state's intervention in reducing inequality of its citizens by increasing living standards. The state would therefore provide citizens support in terms of health care, education, unemployment benefits, housing and other social services.

3 The driving principle of the BWS, as reflected by the International Monetary Fund (IMF), was 'a commitment to the promotion and maintenance of high levels of employment and real income, and the development of the productive resources of all members as primary objectives of economic policy' (Held et al. 2000: 200). The implication for this principle was that domestic concerns of economies were to take precedence over global financial activities. The BWS required a fixed exchange rate of every currency to the US dollar, with the dollar fixed at US$35 to an ounce of gold. The BWS became institutionalised with the IMF and World Bank acting as its enforcers. It allowed countries to maintain autonomy of their national economies whilst also allowing for expansion of their economies beyond their national borders.

4 Ironically, the oil crises suited American oil companies that were producing oil during the late 1960s and 1970s from expensive oil wells in Alaska and offshore wells, but were still forced to sell oil at cheap prices (Yergin, 2011).

5 Tankers come in an enormous range of sizes, from a few hundred tons deadweight to over 500 000 tons deadweight. The workhorse big tanker is the named VLCC, which is a ship with deadweight from 200 000 to 315 000 tons. The standard VLCC is about 300 000 tons, which will allow it to carry about 2 million barrels of oil.

6 These percentages refer to an increase in the global tonnage registered under flags of convenience.

7 Most of Unicorn's operations involve coastal trade along the African, particularly southern African, coast. For their deep-oceangoing services they have chartered ships out to their subsidiaries, which are under no obligation to hire South African crews.

8 Mergers and Acquisitions in Africa (*Lloyds List Africa Weekly* 20 February 1999).

9 Stands for 'twenty-foot equivalent unit' and refers to a standard size of container.

10 A post-Panamax ship refers to a ship that is so large that it cannot transit the Panama Canal. There are three main categories: post-Panamax bulk carrier, post-Panamax tanker, and post-Panamax containership of about 5 000 to 9 000 twenty-foot equivalent units (TEUs) in length, with 17 or more TEUs across the breadth. The largest of these are sometimes referred to as super post-Panamax containerships or post-Panamax plus containerships (Institute of Shipping and Logistics Glossary, 2007:6).

11 Goods such as wool, rubber, latex, cotton and even wood are now being transported by container ships due to advances in new container technology.

12 High-tech shipping containers: Boxing clever. *The Economist*, 27 February 2014. Accessed August 2015, http://www.economist.com/news/science-and-technology/21597878-engineers-are-trying-upgrade-humble-shipping-container-boxing-clever

13 A derrick is an arm supported by a rope anchored to a mast with a winch providing lifting power. It is considered a traditional technology compared to modern cranes but is still considered efficient. In general, there has been a shift away from derrick use to crane use, given the greater versatility and capacity of modern cranes.

CHAPTER 5

Producing labour markets: The role of organised labour

Organised labour, in the form of national trade unions as well as the International Transport Workers' Federation (ITF), was instrumental in facilitating restructuring in the global labour market for seafarers. Whilst shipping capital may have precipitated the changes to the seafaring labour market, it has not prevented organised labour from responding to the changes initiated by it. The ITF as a global unified force of labour has facilitated the restructuring of the global labour market and prevented a race to the bottom for seafarers by ensuring high wages and good working conditions exist for the seafarers that the federation serves. The various responses of organised labour to the restructuring initiatives of shipping companies have assisted in reconfiguring seafaring labour markets for their memberships. In devising their responses, trade unions of South Africa and the Philippines have had to take into account the peculiarities of local and global conditions of their seafaring memberships.

The ITF as a global force of labour

The ITF serves as a hub for receiving and passing information to and from its affiliated unions since the structure of the modern shipping industry makes it impossible for a single nationally-based union to significantly influence its members' employment situation, especially when working on foreign vessels. It further aims to negotiate wages and working conditions of crew employed by shipowners that operate vessels registered outside their country of ownership, in other words FOC vessels. As such, the ITF has no jurisdiction over nationally flagged and owned vessels. It may intervene in the affairs of a national ship if it deems that local practices undermine its global objectives. In turn, the ITF is a member of the International Confederation of Free Trade Unions (ICFTU), although not subordinate to it, and uses the networks and influence offered by the ICFTU to involve itself in the ILO and the International Maritime Organisation (IMO).

The ITF is also, in some important ways, a unique trade secretariat when compared to the other international trade secretariats (Waterman 2001):

- It directly represents employees, often without their consent.
- It signs agreements with individual shipping companies. It has even signed an agreement with its counterpart in industry, the International Shipping Federation.

- Due to the wide spatial dispersion of its affiliates, it is able to wield enormous economic power through boycotts in order to meet its objectives.
- As a result of Point 3, and more specifically its FOC campaign, the ITF has managed to accumulate immense financial reserves.

Currently the ITF has 700 unions affiliated to it from 150 countries, with its maritime membership representing the majority of its membership. The international campaign against FOC shipping has been in operation over the past 60 years. The campaign represents one of the most comprehensive and extensive attempts by organised labour to counter the spread of transnational neoliberalism. As the world's economy becomes reregulated in favour of capital, FOC registries represent how highly developed a commercial strategy becomes over time – to the extent that it transcends the constraints of the nation state, in order to exist as much as possible 'territorially unbounded' (Barton 1999: 151). Prime motivation for shipping capital to register ships offshore is the allowance it makes for the hiring of the cheap, flexible, and usually nonorganised labour of the South and Eastern Europe. Further, given that nation states were not protesting or constraining the activities of shipping capital, and in some cases encouraging it (Barton 1999), it was up to organised labour to provide a response to it. Further, because FOC ships have no real nationality, seafarers are jurisdictionally beyond the reach of national unions (Barret 2001). This makes FOC seafarers one of the most vulnerable occupational categories of workers in the world (Ruggunan 2008).

The ITF's campaign is two pronged in its approach. First, it is a political campaign to end FOC shipping. Second, it is an industrial and collective bargaining campaign to protect workers on board FOC ships. On the political front, the campaign is waged to establish a tangible link between the flag a ship flies and the nationality and residency of its owners, managers and seafarers. It achieves this by making public the correlations between FOC ships and poor employment and safety records. It lobbies governments and international organisations such as the IMO (part of the ILO) to monitor and enforce international shipping treaties and conventions that set wage rates and working conditions for seafarers. Whilst the ITF has had limited success in eliminating FOC registries, it has, in conjunction with its national affiliates, achieved several major concessions that are indicative of the power that labour can wield in a globalising world. It has convinced many governments and shipping companies to not go the FOC route. For example, in Western Europe and Australia there is a concerted effort by national maritime unions in conjunction with the ITF to work in partnership with their respective governments in bringing nationally owned fleets back to their shipping registers. Further, it has resulted in national port authorities monitoring FOC vessels more tightly than nationally flagged vessels.

Seafarers are highly appreciative and knowledgeable of the ITF's role in servicing their needs. For example, one Filipino seafarer indicated:

> I strongly feel that the ITF has really been a great help in my career as a seafarer. Based on my own experience, if one belongs to a union he cannot just be mistreated by the shipping principal. Just last December 17, my captain unfortunately did not give the extra pay for my overtime. With the help of my trade union, together with the ITF, I was able to get the right compensation for my job even if I already returned here in the Philippines.[1]

For some seafarers the ITF is an important resource to draw on, as demonstrated by the quote below:

> The ITF is where abused seafarers go complain their problems. Any problems faced by sailors like no salary, lacking of seafarers insurance, unsafe boats, overloading, etc. can be reported to the ITF and they give out immediate protection. The ITF arrest shipping companies which does not give fair rates to sailors and files charges on its principals.[2]

In 1999, the ITF launched an international public relations campaign against FOC shipping. This campaign involved ITF officials visiting many of the ports of its affiliates, and FOC ports on board the ITF vessel, Global Mariner. At each port of call, the ITF met with stakeholders in the maritime industry, including national affiliates to discuss FOC issues. FOC workshops were held on board over a period of four days for members of the public as well as trade union officials.

The collective bargaining and industrial component of the FOC campaign is unique in that it involves an annual meeting between the ITF and all its affiliates, where a minimum wage is set for seafarers. The wage that is agreed upon at this meeting is extended to all seafarers on FOC ships as well. Moreover this minimum wage is not negotiated with employees 'but is a unilateral demand of the ITF based on an assessment of the profitability of the industry combined with cost of living conditions internationally' (Barret 2001). Any FOC shipowner who does not comply with the agreement faces the threat of industrial action by dockworkers belonging to ITF affiliates. In 1999, dockworkers in 30 different countries took action against FOC ships. This is the most effective action against noncompliant FOC ships. By dockworkers refusing to load or off-load a ship, millions of dollars are lost to the shipowner. In the intervening years, from 1999 to 2015, numerous other acts of global solidarity have been organised by the ITF. One of the most high profile ones was in February 2015, when the ITF organised a global campaign to protect and affirm the right of workers, regardless of sector, to strike. Similarly, in August 2015, there was a discussion to organise a global solidarity campaign against union-busting activities in Australia's ports sector. In keeping with ITF strategies of solidarity, this campaign will call on its affiliates across the globe to provide support for its efforts to save jobs in the Australian ports sector (www.itf.global.org).

At present one third of the world's FOC fleet are covered by the ITF collective agreement. The main feature of the collective agreement is the minimum wage. The most recent, 2013, round of wage negotiations at the ITF saw the minimum wage for able-bodied seamen set at US$1 447 per month. This was implemented for a three year period from 2012 to the end of 2014 (http://www.itfseafarers.org/what_wages.cfm). When the FOC shipowner signs the collective agreement with the ITF, she or he pays the ITF a penalty fee for flying an FOC. The fees collected by the ITF are channelled towards paying their more than 130 inspectors worldwide. When an FOC vessel docks in port, the ITF inspector boards the vessel and asks the captain to produce an ITF Blue Certificate as proof that the vessel meets standards imposed by the ITF. These include wages paid to crews. If no Blue Certificate is produced then the national unions of the country it has docked in boycott the vessel. This boycott continues

until an agreement is signed with the ITF. The levying of fines, joining fees and payments for the Blue Certificate generate income for the ITF. The argument made by the ITF is that FOC ships are more prone to be substandard than nationally owned and flagged vessels.

The ITF in conjunction with its national affiliates has been instrumental in securing back pay for thousands of seafarers, and since the implementation of the FOC campaign, has secured millions in back pay for seafarers. In addition, the ITF secures compensation for injuries on duty as well as for any deaths of seafarers that occur. This compensation is paid to seafarers and their families where appropriate. Often seafarers and their families lack the financial resources themselves to pursue such matters legally. The ITF then steps in and absorbs these costs through free legal representation. The ITF also assists seafarers who have been abandoned by shipping companies and have no means to return to their homes. This is part of the ITF's social and welfare programme provided to seafarers. According to the ITF, the interest from fees obtained from the FOC campaign is used to fund the ITF Seafarers' Trust. This trust is targeted at servicing the social and welfare needs of seafarers the world over. A large percentage of these funds were used to establish the Seafarer International Research Centre (SIRC) at the University of Cardiff in Wales. The aim of the centre is to research the economic and social lives of seafarers.

The ITF is most influential in its ability to maintain high wages and ensure good working conditions for its seafaring membership, ensuring that unionised ratings remain one of the highest paid blue-collar workers in the world. The attempt of shipping capital to exclusively influence and shape the nature of seafaring labour markets in its search for greater wage flexibility is in large part countered by the actions of the ITF acting on mandates from its national seafaring union affiliates. The sometimes problematic nature of the relationship between the ITF and its national affiliates will be examined throughout the chapter.

Unionising South African seafarers: SATAWU

The South African Transport and Allied Workers Union (SATAWU) does not have a cohesive strategy to promote or supply South African seafarers into a global labour market. The union has formed extensive social partnerships with labour market institutions such as the Transport, Education and Training Authority (TETA) and the South African Maritime Safety Authority (SAMSA) as a means of addressing the more parochial needs of South African seafarers such as employment equity and career pathing. Whilst SATAWU remains active in both these state-sponsored institutions, it has been unable to grow its seafaring membership in any significant manner. The union's focus has been on servicing its significantly larger memberships such as truckers and security guards, rather than actively engaging with growing its national seafaring membership. It has in many respects abdicated several of its responsibilities for its seafaring membership to the ITF. To better understand why the focus of SATAWU may be on servicing memberships in other sectors, one has to understand both the nature of the different sectors it serves and the historical formation of the union.

On 18 May 2000, in Johannesburg, the new SATAWU was born, through a merger of the former South African Transport Workers Union and the Transport and General Workers

Union, both Congress of South African Trade Unions (COSATU) affiliates.[3] For COSATU and the South African Communist party in particular, the merger marked a historical continuation of the struggles of the South African Railways and Harbour Workers Union, the Transnet Allied Trade Union and the Transport and General Workers Union (Nzimande 2000). Further, it marked the first time that all South African transport workers were organised under one union. The new union had 102 916 members who work in the transport, cleaning and security industries (www.satawu.org.za). The ITF supported the merger and viewed it as part of the global struggle to achieve worker solidarity.

As a result of the two mergers, 46% of SATAWU's membership was comprised of Transnet workers. Transnet (formerly South African Transport Services) is the largest public sector transport parastatal. These workers were overwhelmingly employed in the various divisions and subsidiaries of Transnet such as Transnet Freight Rail, the Airports Company South Africa (ACSA) and provincial bus parastatals. Government's stated policy of privatisation of parastatals including Transnet meant that SATAWU's greatest struggle was against the privatisation of Transnet. At the founding congress of SATAWU held in May 2001, the issue dominated the agenda. An analysis of SATAWU's press statements for 2001 confirms this stance as do various speeches by the union's leadership (Barret 2001). For SATAWU, the jobs of thousands of transport workers employed by Transnet divisions such as Transnet Freight Rail, the ACSA and the National Ports Authority were under threat. A loss of thousands of jobs also meant the loss of thousands of SATAWU members and a diminution of its bargaining power. SATAWU therefore tailored its strategy to focus specifically on servicing and organising its huge membership in the aviation, railway, and harbour sectors. The overwhelming emphasis and mobilisation of resources by SATAWU was aimed at servicing and organising its workers employed by Transnet. Attempting to obtain the exact number of seafarers who belong to SATAWU is difficult. The union does not respond to emails or phone calls. However, it is safe to assume that the membership is only a few hundred, given that the number of employed ratings in South Africa is less than a thousand. SATAWU would only represent ratings and not officers. Even if membership was a thousand at most, it pales in comparison to the thousands of SATAWU members in other sectors. The smallest membership of the union is its seafaring membership. It is with this in mind that I examine the maritime section of SATAWU.

Since 2011, SATAWU membership also includes workers in contract cleaning, general cleaning services (other than property services), laundry and dry-cleaning workers, funeral-undertaking workers, security services, and the taxi industry. This has expanded the membership size of SATAWU, with 2013 estimates putting it at almost 190 000 (http://www.vivavavi.org.za/docs/diary/110c7a3a9026de2591e15804cd4b9f42.pdf). The seafaring membership of SATAWU is miniscule within the context of this estimated membership figure; clearly, seafarers are less than a drop in the ocean of this large membership. Hence, the union's strategies would be more focused on servicing its membership from other sectors.

The maritime section of SATAWU

Historically, the organisation of South African maritime workers focused on dock and harbour workers (see Hemson 1995). In this respect the Transport and General Workers Union (TGWU) was particularly active in the establishment of a National Dock Labour Scheme

(NDLS) and the National Industrial Council for the Maritime Transport Industry (forerunner to the Maritime Bargaining Council). With regard to servicing and organising seafarers, however, the results are not as clear. Black seafarers (all ratings) were historically organised by the TGWU and the Seamen's Maritime Union (SMU). The SMU has since deregistered and its members incorporated into the Transport and Allied Workers Union (TAWU), an affiliate of the National Council of Trade Unions (NACTU). Both the TGWU (now the SATAWU) and TAWU are ITF affiliates. Officers in the merchant navy are not unionised in South Africa, although this is not the case internationally. Historically, the vast majority of ratings have not been unionised. One of the reasons that unionisation of merchant navy ratings has proved difficult for SATAWU is that ratings often remain unemployed and in 2015, according to my interviews with crewing managers and seafarers, an estimated 5 000 qualified South African ratings were unemployed. The high unemployment of ratings can be attributed to several reasons as alluded to in the previous chapter.

SATAWU and the ITF

SATAWU currently has two national offices, one in Durban and the other in Cape Town, aimed at servicing and organising merchant navy ratings. Based at each office is an ITF inspector. The role of the ITF inspector is to service South African ratings aboard FOC vessels. In addition, he is to monitor the working conditions on board the ship and deal with any complaints received from seafarers regarding their working conditions and remuneration. The two ITF inspectors in South Africa are both former SATAWU officials who now work for the ITF. They are both experienced labour organisers and seafarers, having worked as TGWU organisers in addition to having extensive seafaring experience. Both inspectors are formally employed and paid by the ITF, but informally there is a large overlap in their SATAWU/ITF functions.

According to the constitutions of the ITF and SATAWU there is supposed to be a strict division between the role and reach of the ITF inspectors and officials of its national affiliates. However, in practice this proves not to be the case for several reasons. First, the South African ITF inspectorate is charged with servicing South African seafarers on FOC vessels only. According to the constitutions of the secretariat and the union, a separate official would need to service the needs of South African seafarers working on nationally flagged vessels. Given that there are no South African-flagged cargo vessels on the South African register, it stands to reason that all South African seafarers are now working on FOC vessels. Therefore, these seafarers and vessels would fall under the ambit of the ITF inspectorate. It would be a drain on the resources of SATAWU to duplicate this function through a dual inspection system. Moreover, the maritime section of SATAWU has traditionally focused on its dockworker constituency, which is larger in number and requires more financial and human resources to service (Radebe 2000). Given that significantly greater membership fees come in from dockworkers than from SATAWU's national ratings, it makes organisational sense to use the ITF inspector to service seafarers working on both FOC and nationally flagged vessels. Given that only one ship now exists on the South African ships register (a scientific research vessel) the Durban ITF inspector contends that South African seafarers on national and FOC vessels are best serviced by the ITF. In addition, both South African ITF inspectors have a history of

organising South African maritime workers, particularly seafarers, and are sensitive to the political, social and economic context in which they operate. In other words, the ITF inspectors are not foreign or alien to the needs of the membership they service and have to be imposed on SATAWU by the ITF. This is not to suggest that the relationship between the ITF (as embodied by its inspector) and SATAWU is unproblematic.

SATAWU, in order to best service its national membership of ratings working on coastal ships and domestic routes as well as the South African ratings employed on FOC vessels, engages in a strategy of global solidarity with the ITF. Even though, officially, SATAWU has no jurisdiction over South African seafarers working on FOC vessels, it remains committed through its affiliation with the ITF to ensuring that both national and FOC South African ratings enjoy the benefits of union representation. As a strategy, SATAWU draws on the considerable resources of the ITF to service South African ratings, though this service is limited to the inspection of vessels and negotiation of wages. The outsourcing of these functions to the ITF frees the union to mobilise most of its national resources to address the needs of the majority of its membership who are not seafarers whilst confident that the ITF draws on the considerable resources of the ITF to ensure the wage negotiations and conditions of service of South African ratings are implemented. Whilst the ITF is mandated to inspect FOC vessels and has a mandate to negotiate wages, it is not the federation's responsibility to grow and market national seafarers of South Africa. It is in this respect that SATAWU has failed. The national union should assume responsibility for devoting its own national resources into reversing the decline of seafaring jobs and creating potential employment opportunities for seafarers. However, the union has observed the decline of seafaring jobs in South Africa without much intervention, except for a presence on various national state labour market institutions such as the TETA and SAMSA. As a consequence, the decline in South African seafaring jobs (particularly ratings) precipitated by shipping capital in the 1970s has gone unhindered by the union.

AMOSUP's style of unionism

To understand the Associated Marine Officers' and Seamen's Union of the Philippines[4] (AMOSUP)'s unique style of unionism requires a deeper historical understanding of labour broking and trade unionism in the Philippines, focusing on four processes: the development of the *caciquismo* [labour broking] system for Filipino seafarers during the Spanish occupation of the Philippines; the second wave of colonization of the Philippines by the Americans; the repressive Marcos era's invention of the 'one union, one industry' rule as well as the practice of the regime's patronage system to benefit the Oca family; and the end of the Marcos regime in 1986 that coincided with the advent of globalisation in the region.

The *caciquismo* system

The Spanish occupation (1565–1898) of the Philippines was brutal (West 1997). Key to the Spanish strategy was the need to exploit the geographic position of the Philippine archipelago for its trade purposes. Spanish seafarers struggled and were not able to navigate effectively through the Southeast Asian routes (Karnow 1989). They lacked the navigational knowledge of the seas and geography of the region. An obvious step was for the Spanish to

coerce Filipino maritime skills and knowledge to ply their trade to China and around the archipelago of 7 000 islands, and Filipinos soon manned the Spanish galleons alongside Spanish officers. The Spanish at this point were convinced that the Filipino had an innate seafaring ability and one of the entries by a Spanish galleon captain reads 'there is not a Filipino who has not a remarkable inclination for the sea'. An exchange of both Spanish and Filipino maritime skills took place on these voyages. Filipino seafarers were also 'asked' (coerced) to teach Spanish sailors how to navigate the South China Sea (Department of Labour and Employment Brochure 2002). Each ship that participated in the galleon trade could generate up to two million pesos in Mexican silver per annum. It was a highly lucrative trade that would last for two centuries (1615–1815) and contributed significantly to Spanish coffers (Legarda 1999).

The Spanish, in their effort to have their galleons crewed by Filipinos, forced land-based Filipino workers (mainly agricultural workers) into seafaring contract work. According to Roli Talampas, an expert on Filipino labour history, who I interviewed in the Philippines in 2004, this was the first attempt of the colonial administration to introduce contract labour into the Philippines. There were only 4 000 to 6 000 Spanish people in Manila at the time, so labour for the galleons was a real issue. According to Nagsaysay (1907), the Spanish initiated the system of the *cabos* whereby labour contractors travelled throughout the islands to recruit seafarers. These *cabos* were mainly Filipino men from Manila who were granted patronage or favour by the Spanish. There was much competition to receive such a favour since it guaranteed financial reward. A recruiting fee was paid to the labour broker or *caciquismo*. This fee was on average one third of the seafarer's wage. The practice of the labour contractors was often vicious and violent and ripped families apart as male family members were forcibly recruited. Islanders lived in fear of the *cabos* though some men and boys either went willingly or were sent willingly as families (mostly agricultural workers) felt that working on the galleon trade might offer some material reward once their family members completed their period of service. The end of the galleon trade in 1815 did not signal the death knell for Spanish trade or for the recruitment of Filipino seafarers. The Spanish, having appropriated significant seafaring knowledge of the region, were keen to formalise the training of Filipino seafarers and established the first maritime training school in Manila in 1820 (Legarda 1999). The hope was that this school would produce seafarers who would have the best of the 'native ability' and Spanish seafaring skills and that Filipinos would service the Spanish empire and its expansion.

Filipinos continued to work as contact seafarers throughout the Spanish occupation. The advent of the American colonial period from 1898 saw seafarers become more militant in their responses to Americans and their employers. The *caciquismo* system began to become more formalised from 1905 when a few foreign (non-Spanish) shipping masters, having learnt of the immense success of the Spanish and Americans in using Filipino seafaring labour, which was both skilled and cheap, docked in Manila Bay (Legarda 1999). These shipping masters saw an opportunity to extend the labour contracting system beyond Spanish needs and began to formalise the process of providing crew to shipping companies that required skilled and cheap seafarers, giving birth to the first crewing companies in the Philippines. However, contracts entered into by seafarers were still very much between the master of the ship and his crew. Modern-day *caciquismo* exist today in the Philippines

and indeed internationally (India, Bangladesh, countries in Eastern Europe) in the form of unions that service seafarers and require a set monthly fee from them. It is not, to my mind, a stretch of the imagination to see how the impact of Spanish colonial rule and its invention of the seafaring labour contracting system continues to inform and influence the practices of AMOSUP. The Oca family that runs AMOSUP was granted the status of *cabos* during the Marcos era in the same way that Spain granted favour or patronage to Filipino labour brokers during its colonial occupation of the islands. This is an example of how deeply corrupt practices can reproduce through elites over time – resulting in the modern-day practices of AMOSUP. It also underscores the point that AMOSUP's practices must be understood within the particular social and historical practices of the colonial history of the Philippines.

American repression of Filipino trade unions

The American colonial regime (1898–1946), which replaced the Spanish one, undermined militant class-based trade unions in three ways: through legislation, through overt repression of labour leaders and through covert practices of their intelligence agencies such as the Central Intelligence Agency (CIA). The outcome of these processes was to fragment organised labour, delink labour organising from national liberation, strengthen sweetheart unions and decimate unions with class-based and communist leanings. This decades-long attack on trade unions further explains how conditions arose that could facilitate the formation of a union like AMOSUP.

As their numbers grew, Filipino seafarers realised their collective power. Seafarers loosely organised themselves during this period into what is referred to as the *Gremio de marinos Mercantes de Filipinas* [Filipino seamen's unions] (Dejillas 1994). Their first strike was in 1908. The seafarers attempted to convince other transport workers to strike in sympathy of their working conditions. This attempt at solidarity did not work but was enough to convince the American colonial government to keep a close watch on the development of trade unions, particularly seafaring trade unions in the Philippines.[5]

The colonial government's strategy was to set up the Bureau of Labour in 1924 that would eventually become the current Department of Labour and Employment (DOLE). The main duty of the Bureau of Labour was to register trade unions and monitor their activities. The Bureau had the power to impose sanctions against trade unions and hence render them an illegal organisation. Reports from the Bureau from 1924 to 1927 show that the seafaring trade unions in Manila had 10 756 members or 27% of the 17 563 unionised workers in the city. There existed seven seafarer unions in Manila and three in the provinces. In the provinces or rural areas, seafarers made up 3 425 or 10% of the 33 499 unionised workers (mostly agricultural workers) in areas outside Manila (Talampas 2015). Seafarers represented more than half of the unionised maritime workers. Seafarer membership constituted 14 181 (Talampas 2015) Seafaring unions, if left unmonitored, posed a potentially profound threat to the American colonial government. All were militant unions that aligned their work struggles to that of national liberation struggles. The colonial government went to great lengths legislatively and militarily to break up these militant unions. Of these formerly militant seafaring unions, only the Philippine Seafarers Union still exists (PSU).[6]

One of the legacies of American colonialism was to structure Philippine labour relations on the American industrial relations model with its reliance on law and contracts (Frago et al. 2006). According to Frago et al (2006), the shift to a more legalistic framework was rooted in efforts to dilute the more revolutionary tendencies of the Philippine labour movement. The colonial state, together with employers, sought to divide and rule the Philippine labour movement. The American labour movement sought to pattern Philippine labour relations after a particular kind of American business unionism where workers were encouraged to identify with their job conditions rather than their class conditions (Sibal 2004). Unions were encouraged to limit their functions to the narrowest definitions of collective bargaining and membership welfare. In 1903, the American Federation of Labor sent representatives over to Manila to organise workers into a union under its auspices (Kelly 2000). Manila workers were told that they would gain most by excluding politics from their unions and focusing on their jobs. So began the Americanisation of the Philippine labour movement (West 1997).

Filipinos were also encouraged to espouse free enterprise values (West 1997). The American government established a commonwealth in 1935 giving the Philippines internal self-government (Sibal 2004). The Philippine commonwealth state then moved to regulate and protect itself from its labour movement through various legislations through a social justice programme in 1937, patterned after the 1935 Wagner Act in the United States, which also sought to give American workers the right to organise through collective bargaining (West 1997). In the Philippines, the 1937 social justice programme was set up that included a collective bargain law as well as a court of industrial relations. The Commonwealth Act, 213 governed the recognition of labour unions and compulsory arbitration (West 1997). Compulsory arbitration was a technique of social control that resulted in protracted litigations. Furthermore, this compulsory arbitration was limited to legally registered unions only. However, to legally register a union became an onerous task especially if the Department of Labour deemed the union as one that was trying to undermine the American Commonwealth Government (Viajar 2006). Unregistered unions could also not present a case to the court of industrial relations, so unions preferred to declare a strike rather than submit an issue for mediation. Despite these legislative difficulties and obstacles, Filipino trade union membership continued to grow, worrying the Americans no end.

During 1941, there was a cleavage already between the two main trade union federations in the Philippines. The division amongst the federations was ideological. The Union del Trabajo de Filipinas (UTF) was less militant, anticommunist and supported the American occupation of the archipelago, whilst the Union Obrera Democrata demanded national emancipation and was more sympathetic to communism (Frago et al. 2006). Despite the Philippines formally gaining independence from the Americans in 1946, American interference continued in the internal affairs of the country. The Americans became particularly alarmed from 1945 when these two union federations united by forming the Congress of Labor Organisations (CLO). At its peak, CLO membership was 70 000 workers belonging to 76 unions representing a powerful voice against American rule.

In 1950, becoming alarmed at the growing militancy and solidarity of Filipino workers, Daniel Bell was appointed by the American Commonwealth government to investigate the state of

organised labour in the Philippines. The Americans were becoming alarmed since some of the militant unions had communist leanings and ambitions for a future independent Filipino state. This potentially made the Filipino trade union movement a battleground for Cold War politics (West 1997). The geographic location of the Philippines in the Pacific made it a vital location for American battles during the Cold War. Bell implemented a range of actions that he hoped would give labour enough concessions to distract them from linking workers rights with issues of national liberation. He hoped his policies would negate or dilute the need for unions to organise. The Bell Mission established a minimum wage in 1951 for most Filipino workers as an attempt to circumvent union negotiations and hence weaken unions and their relevance. American interference covertly through the CIA and overtly through legislation would see the CLO fragment from 1951 onwards.

Whilst American influence of Filipino trade unions seemed to outwardly show a support of democratic representation and workers rights, the reality was that it advocated a style of American business unionism. This was combined with a tendency to create labour factionalism by supporting less militant trade unions. This strategy of divide and rule and covert infiltration of militant trade unions would set the ground for Marcos's attack on the trade union movement.

The Marcos era and its impact on trade unions

Decades of American interference and influence ensured that repressive legislative labour controls were well set up before the Marcos period (1972–1986) of martial law. In 1972, Marcos declared martial law and almost immediately moved to repress militant trade unions and organise industrial relations into a unified system. His regime banned all strike activity and arrested militant labour leaders during this time. In order to control the industrial relations system for the country, he facilitated the establishment of the Trade Union Congress of the Philippines (TUCP) as the official labour agent of the Philippines. Simultaneous to the establishment of the TUCP he organised employers into an employer confederation to create a sweetheart labour federation that would not oppose his regime. Many of Marcos's cronies were appointed as new trade union leaders and organisers. These positions were often for sale and achieved through graft or favours to the regime. This was similar to ways in which Marcos redistributed the industrial sectors of the country to friends and relatives. For example, shipping, banking and agriculture were all nationalised and given as 'gifts' to cronies to operate. The ultimate ambition therefore seems to have been to have cronies in both business and labour sectors of the economy.

On May Day 1974, he passed a labour code that mandated a one industry, one union organisation principle. A national labour relations common was set up under the Department of Labour to handle labour disputes. Of course, trade unions outside the TUCP immediately and unsuccessfully tried to challenge these laws, but the era was deeply repressive. The defining contribution for labour of this period was the 'one union, one organisation, one sector principle'. Marcos's administration set up the Bureau of Industrial Relations that would solely decide which unions would be given the status of only representative of a sector. It is during this process that the most corrupt practices took place. For workers, this created confusion

and rivalry amongst trade unions as bargaining for these positions took place. Workers who were not members of the newly appointed unions found themselves without representation and workers often had to join a TUCP union to secure or maintain employment. The bargaining and graft that went on during this period resulted in unions going through a number of metamorphoses, with some unions collapsing and new ones forming. The formation of the TUCP and the one union, one industry rule coincided with Marcos's labour export strategy and for many astute union officials this represented a potentially lucrative business opportunity. To represent Filipino migrant workers (land- and sea-based) presented the opportunity to profit from labour contracting and remittances for both unions (as businesses) and the Filipino state.

For many charismatic and well-connected (politically) leaders this was an opportunity to form their own unions and become quite wealthy through the labour-contracting system. As the market for Filipino seafarers continued to grow steadily, so did the realisation of the potential profits to be made by engaging in labour contracting of seafarers on international vessels. It was within this context that two men formed the most powerful national seafaring unions in the Philippines and the world. Initially, Robert Oca formed the Associated Marine Officers Union in 1960, and Donata Alorcaon established the Associated Seaman Union of the Philippines in 1960. Both merged in 1972 to form AMOSUP, which is today the largest seafaring union in the world in terms of membership and arguably the richest national trade union in the Philippines and perhaps the world. It is unclear from my interviews and research how these two men were granted the rights to form AMOSUP. One source contends that the Oca family was well connected to the Marcos family and was instrumental in using his seafarers to smuggle in money and weapons for the Marcos administration. However, it seems most likely to me that both Oca and Alorcaon would have had to have a close connection with members of the Marcos regime, if not the Marcos family itself, for such a lucrative favour to be bestowed upon them.

The repression of unions overtly and covertly continued to the end of the Marcos era in 1986. By 1987, the damage had been done to unions. Despite the 'people power' uprising that overthrew the Marcos regime, unions were deeply fractured and almost all TUCP unions, including AMOSUP, remained in power and continue to do so.

The post-Marcos era and its impact on trade unions

With the various regime changes since 1986, such as Aquino, Ramos and Arroyo, imprisoned labour leaders were released and labour legislation changed. The new 1987 Philippines constitution recognised rights of workers, including their right to strike as well as an end to the one union, one industry rule. However, the end of the Marcos government coincided with the stirrings of neoliberal globalisation. By the 1980s and the beginning of the 1990s, neoliberal globalisation was firmly setting its footprint on the Philippines. Successive governments since Marcos have all been globalisation friendly, advocating economic policies that facilitated the development of strike-free export processing zones and the continued flexibility of the labour market for Filipinos nationally and abroad. For example between 1992 and 1998, trade unions challenged Fidel Ramos's economic programme 'Philippines 2000' and its bias towards neoliberal globalisation. The movement, however, lost in its campaign to delay

the country's ratification of the General Agreement on Tariffs and Trade. The weakness and fragmentation of unions in the Philippines is reflected by the following:

- Trade union density in the Philippines is relatively low with only 3.3% of workers unionised at the end of 2013 (Danish Trade Union Council for International Development Cooperation 2014).
- The labour movement is fragmented with 135 trade union federations, 16 697 private enterprise trade unions and 1 787 public sector trade unions.
- The number and ideological differences between trade unions make true solidarity difficult to achieve.

There has been no move to directly either disband or weaken business- or family-run unions like AMOSUP. Patronage and graft continue to permeate through Philippine institutions, and this could also account for the continued Oca dynasty in operating AMOSUP. Further, the profound impact of the American and Marcos repression of trade unions cannot be discounted. The future of Filipino trade unionism remains in my view pessimistic unless unions like AMOSUP and its ilk are reformed to truly represent the interests of working-class people. There are a number of initiatives in Manila that are attempting to persuade government to intervene in these types of unions. These include organisations such as the Labour Education and Resource Network (LEARN) and Marino, and despite campaigns of more than a decade since 2005, their efforts have been unsuccessful. The greater impetus must come from global labour organisations such as the ITF, International Confederation of Free Trade Unions (ICTFU), the ILO and other national trade unions from outside the Philippines. Together, solidarity can act as a catalyst for change against the form of unionism that is inherently corrupt and antithetical to the interests of the working class.

The current context of AMOSUP

AMOSUP, which is today the largest seafaring union in the world with a membership of approximately 80 000 seafarers in 2015,[7] is arguably the richest national trade union in the Philippines and perhaps the world. AMOSUP, apart from offering more traditional services to its membership, is a labour-contracting organisation. Its function as a union in this respect is different to how we perceive its South African counterparts. The Filipino union has institutionalised labour contracting for seafarers. Thus, qualified seafarers would pay AMOSUP a membership fee for a contract placement on a vessel. These contracts are rarely more than 12 months' worth, most ending at 9 months. Whilst highly paid in US dollars, the seafarers have to pay up to US$100 a month each to the AMOSUP for the duration of their contracts. At any point there are up to 250 000 Filipino seafarers sailing on merchant navy vessels. Most of these are members of AMOSUP. The union also facilitates employment of seafarers through the 'hiring hall'. AMOSUP 'has a placement office to deploy union members to shipping and crewing agencies requesting for qualified seafarers' (Amante 2009: 3). In this case, the union becomes an agent of the employer in addition to an agent of the employee. Ordinarily this would indicate a conflict of interest but labour disputes in this regard are unknown. The foreign shipping company pays the seafarers' wages, and the union gets a lump sum from the shipowner to pay these wages. In addition, the union gets a monthly stipend from the seafarers' wages for the duration of his contract.

Since its formation in 1972, AMOSUP has been run by the Oca family. Officially, there is a 16-person board of directors but, according to a number of sources in the crewing industry, labour organisations and academics, the union is very much an Oca-run affair. The Ocas run the AMOSUP 'like a family business'[8] and it is very much a patronage system of unionism. AMOSUP has built up a sophisticated network of links with international shipping and crewing companies. It is affiliated to the ITF and due to its membership size is the most powerful member of the maritime section of the ITF, because of the revenue it generates through its large membership. Milton Unso, former seafarer and AMOSUP member and now chairman of the Maritime National Authority (MARINA), a Filipino nongovernmental organisation aimed at campaigning for the rights of seafarers unfairly blacklisted by crewing and shipping companies, makes the following observations about the patronage style of unionism practised by the AMOSUP: 'But you see it's a family affair. When the current leadership retires, their children will take over.'[9]

While improving the pay and working conditions of its membership are goals of AMOSUP, my findings demonstrate that these are secondary goals. Interviews between 2006 and 2011 with ITF officials both in South Africa and the United Kingdom indicated distaste for this particular brand of trade unionism. AMOSUP remains a highly successful method of providing seafaring labour to the global shipping industry. It remains an organisation that *provides jobs* to seafarers. Given that it has to provide these jobs to serve and protect its own interests, there is often a contradiction between the protection of its own interests and that of serving the working-class rights of its members. Further, this type of unionism is an anathema to the type of exported British unionism we are more familiar with in South Africa as well as the social movement type of unionism that is more targeted at representing labour and working-class rights. In many ways the type of 'unionism' represented by AMOSUP is endemic in Southeast Asia, particularly in corrupt states. It is often a symptom of deeper corrupt practices of the state. My fieldwork indicated that a series of corrupt or questionable relations exist between the union and the state. However, my interviews with seafarer members of AMOSUP indicate that seafarers themselves are more interested in the services (including jobs) provided by the union to them than the levels of corruption that the union may engage in. The general malaise of attitude to corruption by many Filipino workers I encountered (taxi drivers, seafarers, jeepney drivers, cleaners and nurses, for example) seems to reveal a state of affairs where corruption is deep and endemic to daily life and organisations in the country. Corruption is endemic in the Philippines, and is acknowledged as such by many global surveys (https://www.transparency.org/cpi2014/results). In many ways, the state of this type of patronage-business unionism and its relationship to the state serves as a warning to labour activists in other regions, including South Africa, that once corruption takes root, it's very difficult to eliminate.

The success of AMOSUP in providing jobs has ensured the dominance of the seafaring labour market by Filipinos, and skewed the labour market for seafarers to the extent that 20 to 25% of seafarers working on FOC ships are Filipino (Drewry Report 2014). By operating as a dual employment agency and trade union, it has raised several questions about the credibility of such a dual structure to effectively service its membership. Although its success in supplying seafarers to a global market remains evident, AMOSUP has institutionalised

labour contracting for seafarers within a trade union structure. Filipino labour analyst, Josua Mata, offered the following observations about AMOSUP:

> It's difficult to set up a new union to challenge AMOSUP. Because the seafarers union operates like a franchise, AMOSUP has its franchise here in the Philippines. In any other union we try to set up a collective bargaining agreement with ship-owners. So it's very hard to challenge AMOSUP, in that sense, because it has the franchise. Because the seafarers themselves, the union members themselves, do not have effective control over the unions. Nobody knows how much, how the funds are being used. So some seafarers would basically complain that they pay so much dues, in the end they get only what, a day or two in a hostel when they get back for free, hospitalisation when they still have a contract, but after that no more. And so a lot of the people, a lot of the seafarers complain that they don't feel they get what they deserve after paying so much. In a sense, it is a labour broker and a business monopoly. So much so that it's difficult to set up a new type of union to challenge it.[10]

Despite the patronage system and many allegations of corruption and mismanagement against AMOSUP, the evidence indicates that unionised seafarers are better paid than their nonunionised counterparts. Seafarers, on the whole, expressed ambiguous attitudes towards the services offered by AMOSUP. For example, some expressed satisfaction with the services offered by the union:

> The first union that I joined was AMOSUP when I was only 27. I am still a member at the present and it helps by the free hospitalisation that can be availed by my family from it. I also received a refund from AMOSUP. Now though, I know that there are some problems faced by other sailors with refunding their money to AMOSUP due to the policy implemented that a seaman can now only refund his money if he becomes an inactive member for 2 years or if he is already 50 years old.[11]

Based on Amante's (2003) analysis, and my 2014 analysis of PSU and AMOSUP wage rates, the wages negotiated for AMOSUP (and PSU) members are clearly higher for unionised workers. This is an outcome of twin processes. First, its unique style of recruiting members for employment and second, consolidating its global ability to monitor the wage and working conditions of its membership through its (albeit sometimes troubled) relationship with the ITF. Amante's 2003 work that compares unionised Filipino seafarer wage rates with non-unionised Filipino wage rates showed that unionised workers can earn between 15% and 25% more than their nonunionised counterparts. My analysis of 2014 ITF, PSU and AMOSUP wage rates shows that this differential still holds in the most part, but is also very nuanced. For example, wage rates differ depending on the specific union that the seafarer belongs to, the shipping company that the seafarer will work for as well as the rank at which the seafarer is employed. It is more common, for example, for ratings to be employed at or below ITF wage rates whilst officers can be paid above ITF wage rates. Comparisons between nationalities are even more fraught with complexities, since wages are also calculated based on perceived cost of living expenses in the seafarers' home countries. South African seafarers,

for example, are perceived to have high cost-of-living expenses in South Africa and therefore are paid more (and cost more to shipowners) than their Filipino peers. In some cases, decisions are made on the passport that the seafarer holds rather than the country in which he or she resides. For example, one South African seafarer travels on his British passport even though he is resident in South Africa. This means he is paid a wage that is higher than the South African or the Filipino wage, even though he lives in South Africa. The trend, however, is for unionised seafarers to earn more, thus underscoring the relevance and importance of unions to protect wages and working conditions in global industries. Unfortunately, whilst ITF wage rates are public and available on their website, union and shipping company rates are confidential and not able to be published.

In my limited survey of 40 Filipino seafarers, only 4 seafarers indicated they were not unionised, but all worked on vessels that were unionised. In other words, whilst individuals may not be affiliated to a specific union, the actual vessel would have signed a collective agreement with the ITF to pay an agreed ITF wage to all seafarers working on that vessel. The pay differential between AMOSUP unionised workers and seafarers who are not unionised is often as high as 15% at the lowest level of rank (rating) and 25% amongst the highest level (senior officers).

The above foray into the dynamics of the organising of Filipino seafarers by AMOSUP demonstrates a culture of organising workers that is different from that of the SATAWU. However different it may be, it remains a highly successful method of recruitment and employment of Filipino seafarers. The union ensures that its membership continues to receive higher wages than their nonunionised counterparts. These high wages remain an anomaly in the so-called race to the bottom thesis that characterises much of the debate on global capitalism and global labour markets. Combined with high wages, is the ability of AMOSUP through its affiliation to the ITF to monitor the working conditions of its membership globally. Questionable as AMOSUP's strategies and policies may be, they have consolidated their power both locally and globally as a union. The union remains the most powerful ITF seafaring affiliate, and the often competing interests of these to labour organisations result in conflict over organisational cultures and their respective ethos of organising workers. Most of the ITF's fees come from AMOSUP, and AMOSUP has the largest voting bloc of any seafaring affiliate. The core conflict between these two labour organisations is the interest of the Filipino union in job security over high wages, and the ITF's constant wage push that AMOSUP argues could easily overprice Filipino seafarers in favour of cheaper nationalities like Chinese seafarers. This conflict and its influence on the labour market for seafarers is the subject of the next section. Suffice to say that both the ITF and AMOSUP have effectively countered shipping capital's attempt to source cheap flexible labour through a strategy of FOC shipping.

AMOSUP, through a range of tactics, ensures that there exists a powerful (new) class of organised Filipino seafarers. This class has been able to challenge the ITF's alleged imperialism on a global stage and influence both labour and government debates on seafaring labour and shipping policy. Further, AMOSUP does not practise a traditional adversarial relationship with employers. Its executive remains close to both crewing managers and employers and views them as partners in ensuring the dominance of Filipino seafarers in the global

labour market. This strategy, which is often at the expense of other nationalities of seafarers, challenges the conventional understanding that it is only capital that creates uneven development of labour markets. Workers themselves often do so on a global scale by actively inserting themselves as competitors against other workers. The case of AMOSUP indicates that it is not only shipping capital that believes that workers of the world should compete.

The ITF and AMOSUP: Global high wages versus local employment security?

The ITF has a sometimes uneasy relationship with one of its largest affiliates, AMOSUP, as I discovered during my fieldwork. Arriving in Manila in 2004, with the intention of conducting several interviews with key stakeholders in the maritime industry, I was surprised to find that there was no ITF officer or office in Manila or the Philippines. I confirmed this with the ITF head office in London via email as well as with several emails and phone calls to other Manila-based labour organisations. This raised some interesting questions for me, such as:

- Why is there no ITF representation or inspectorate in the world's main seafaring labour-supplying country?
- How did this come to be?
- Given that AMOSUP is the most powerful seafaring affiliate of the ITF, with a membership of approximately 80 000 active seafarers, who by implication of the affiliation are also ITF members, is the lack of an office not a disservice by the ITF and AMOSUP to its membership?

My attempts to answer these questions revealed that there had been no ITF presence in Manila until 1998. An ITF-FOC office was opened in Manila in 1998 and headed by Susan Cueva. The office, according to various reports by seafarers and labour nongovernmental organisations (NGOs) I interviewed, was immensely successful at servicing seafarers on FOC vessels. From 1998 to 2002, it dealt with hundreds of cases of abuse of Filipino seafarers by FOC ships, crewing agencies and even unions. Exact figures are difficult to come by but, according to a source at the ITF, the office handled 367 occupational health and safety claims in the period 1998 to 2002. By the time of its closure in 2002, there were over 700 more cases waiting to processed, 'with the possibility of FOC unfair labour practice claims doubling exponentially every year' (Anonymous interview). Maritime lawyer and seafarer labour activist Edwin Dela Cruz described the closure to me to me as a 'sudden, very surprising and untimely closure of the ITF office in Manila'.[12] The office was closed and Susan Cueva relocated to the ITF headquarters in London.

The closure of the office was not announced on the ITF website or mentioned in any brochures or bulletins that I could locate during the course of my research in the Philippines. Interviews with key informants in Manila revealed that the sudden and surprising closure of the ITF office left many seafarers in limbo regarding the status of their various complaints and issues. Further probing through interviews with the ITF, seafaring labour activists and academics revealed that the ITF office was shut down at the request of Gregoria Oca, the then president of AMOSUP[13] – AMOSUP drew on the ITF constitution as a tactic to make its request for the closure of the office. The ITF constitution assigns a numerical value or weight

to the vote of its executive members that is calculated based on the number of members a particular affiliate has. The ITF executive comprises 41 members, 40 being unions, and 1 being the general secretary. The executive board meets twice a year to discuss a range of issues from logistics to administrative. The number of votes allowed to an affiliate is determined by a ratio of paid-up memberships. For every 1 000 members (calculated to the nearest thousand) that an affiliate has, it is allowed one vote. With AMOSUP's paid-up membership of over 60 thousand it is entitled to 60 votes. At the 2002 ITF Congress which is held every four years, AMOSUP lobbied and used its considerable voting power to close the Manila ITF office down. After much tense negotiation between AMOSUP, the PSU and the ITF, the ITF offices reopened in 2006, with the ITF inspectors being AMOSUP and PSU representatives working from Manila and Cebu specifically. However, the might of AMOUSP was exercised, consolidating the power that Filipino unions have at the ITF.

The tensions between the federation and the union revolved around the issue of wages and issues of organisational democracy. The first source of the fracture was wages. AMOSUP felt that the 2001 wage rates demanded by the ITF were too high. The ITF monthly benchmark pay for seafarers (AB position) in 2002 was US$1 250. This rate applied to all seafarers covered by agreements between shipping employers and unions affiliated with the ITF. AMOSUP declared this to be too expensive and made clear that the union would only charge employers US$1 200. The decision to suspend implementation of the new benchmark wage was prompted by a resolution filed by Gregorio Oca, president of the ITF affiliate, AMOSUP, which called for a temporary freeze of the scheduled increase. Oca said that a further increase in the wage of Filipino seafarers would render Philippine labour more expensive and less competitive in relation to seafarers from other Asian countries. A US$50 increase would price Filipino seafarers out of the market. He stressed that he preferred security of employment for Filipino seafarers rather than the increase.

The second source of tension appears to be that the Manila ITF officer was overstepping her mandate to service AMOSUP members only. The ITF office was extending its services to include nonunionised seafarers and non-AMOSUP unionised seafarers. The office was also involved in a series of investigations concerning occupational health and safety violations against FOC shipping and crewing companies. The office was further investigating a number of corrupt practices against AMOSUP. These practices include the monthly membership fees demanded by AMOSUP, the nominal membership of seafarers, that is, members for only as long as the contract is valid, which may range from 6 to 12 months only, and lack of transparency regarding spending of seafarers funds. Perhaps the 'biggest itch for the ITF office to scratch' was that AMOSUP refused to boycott FOC ships blacklisted by the ITF and continued to supply them with seafarers. The union also overlooked a range of occupational health and safety violations in order not to jeopardise future employment of seafarers on these vessels. The exact details of these practices remain vague, and my respondents were not too eager to linger or discuss them. A common theme from my informants was that this was a deeply fractious time in the relationship between the ITF and its leading affiliate.

The threat posed by the ITF Manila office as perceived by AMOSUP reveals the tensions between global regulatory practices of the federation and national labour practices and needs of national unions. As demonstrated in the section on SATAWU, the ITF and SATAWU

often have blurred boundaries between them, frequently acting as a single entity in servicing seafarers. The Philippine case demonstrates a need for clear boundaries between these two organisations in order for the national union to feel it can operate effectively. For the ITF, the office was a means of monitoring the undemocratic AMOSUP practices in dealing with its membership as well as engaging in standard federation practice to maintain a presence in a large seafaring port. The continuing relationship of AMOSUP with the ITF is based on the premise that the seafaring working class is a not a homogenous entity that may not have competing class interests for wages and work. These competing class interests can often come to a head as demonstrated above, and lead to serious divisions in working class organisations and labour markets. That the Philippine union is willing to market its members at less than federation rates, and have them work on vessels that are not monitored by the ITF to ensure Philippine dominance of the seafaring labour market accounts in some part for the dominance of Filipino seafarers of the labour market. The union negotiates carefully between the alleged imperialism of the transport federation and the solidarity that it offers. It is in this negotiation that both organisations influence the restructuring of the global labour market for seafarers.

Conclusion

What emerges from my discussion is that unions like AMOSUP that are willing to engage with both local and global conditions and sometimes make difficult decisions to ensure the competitive edge of their members, impact the most on the restructuring of labour markets. Unions unwilling or unable to do this because of their focus on more local or parochial concerns make little impact in the global labour market, as evidenced by SATAWU.

The discussion of the position of Filipino and South African seafarers in the global labour market for seafarers continues in Chapter 6, which examines the role and influence of national states in facilitating and shaping the current nature of seafaring labour markets in the Philippines and South Africa. The unique strategies of the national states of the Philippines and South Africa, in addition to the unique historical and socially contingent conditions of these countries, have resulted in distinctive strategies by their national seafaring agencies in servicing their respective national seafarers – the Philippine state as a labour export state, the South African state as one engaging in social partnership as a means to deal with its legacy of racial and economic inequalities.

Endnotes

1 Interview, Seafarer No.3, Manila: March 2004.
2 Interview, Seafarer No.4, Manila: March 2004.
3 It is interesting to note that the former SATAWU itself was a product of a December 1998 merger, called for by the Congress of South African Trade Unions. In December 1998, the South African Railways and Harbours Workers Union (SARHWU), the Black Transnet Allied Trade Union (BLATU) and the Transnet Allied Trade Union (TATU) merged to form the transport union giant the South African Transport and Allied Workers Union.
4 AMOSUP is one of six seafarer trade unions in the Philippines. All six unions act as labour market intermediaries for seafarers. The other five unions are:
   1. Philippine Seafarers Union (PSU). The PSU is affiliated with the Associated Labour Union-Trade Union Congress of the Philippines (ALU-TUCP).
   2. United Filipino Seafarers (UFS).
   3. International Seamen's Mutual Labour Organisation (ISLA).
   4. Marine Transport Employees Union (MATEU). MATEU is composed of a domestic seafaring membership only.
   5. Philippine Officers and Seamen's Union (POSU).

   My fieldwork in Manila indicated that the other five seafaring unions are minor players in the unionisation of seafarers. I also established that their membership is nowhere near that of AMOSUP, and that whilst AMOSUP membership includes workers on foreign ships only, the other seafaring unions include seamen on both domestic (inter-island) and foreign ships.
5 American involvement in World Wars 1 and 2 saw a further increase in the recruitment and training of Filipino mariners for service on navy vessels that was similar to the recruitment levels employed by the Spanish during the galleon trade.
6 With a negligible membership compared to that of AMOSUP.
7 Although one AMOSUP official places the figure at 85 000, I use the official ITF estimate which is 80 000.
8 Interview, Labour, Education and Resource Network Researcher, Manila Philippines: September 2013.
9 Interview, Milton Unso, MARINA Chairman, Manila, Philippines: February 2004 and September 2013.
10 Interview, Labour, Education and Resource Network researcher, Manila, Philippines: September 2004 and 2013.
11 Interview, Seafarer 1, Manila, Philippines: February 2004.
12 Interview, Dela Cruz, Manila, Philippines: January 2004.
13 Incidentally, Oca was president of AMOSUP from 1960 to 2010. His son is now the new leader of the union.

CHAPTER 6

The role of state institutions in shaping the labour market for seafarers

Much of the work on theorising the state in a global capitalist economy is dichotomous. In Jessop's classic work on theorising the state, the state is either conceived as a 'power container'[1] (Jessop 2002a: 109) that is bounded within discrete territory, or as a borderless state that is victim of unregulated control mechanisms. This dichotomy continues to dominate the literature on globalisation, capitalism and political sociology. The initial critique of the power container thesis is perhaps obvious, but is still an essential one to make. States are often active producers of globalisation, frequently influencing and intervening in the way global labour markets, international politics and international movements operate. Thus, the claim that there are impenetrable borders that restrain the state from intervening beyond these borders is false. Second, Jessop (2002a) contends, the state and its institutions reflect the myriad processes that form globalisation. State institutions, therefore, may actively seek to attract and protect foreign capital whilst simultaneously campaigning for their own national capital interests in foreign countries.

The state can also be seen as a set of political organisations that exert control over territory and people, and engage in legislative, executive, military and policing activities. The state can execute legitimate violence within its territory to maintain order. States can also extract resources from their populations and are often in competition with other states as they seek territorial expansion for their markets. Following Jessop, I add to this definition by contending that the state is also a container of contradictions. According to Jessop (2001: 167), the state

> is a site of paradox. It is just one institutional ensemble among others within a social formation; on the other hand, it is peculiarly charged with overall responsibility for maintaining the cohesion of the social formation of which it is a part. It is a paradoxical position as both part and whole of society means that it is continually called upon by diverse social forces to resolve society's problems and is equally doomed to generate "state failure" since so many of society's problems lie well beyond its control and can even be aggravated by attempted intervention.

My work on seafarers demonstrates the paradoxical efforts of the state to simultaneously produce globalisation and manage it. I limit my discussion to the role of state institutions of the Philippines and South Africa and their contribution to the changing nature of seafaring labour markets. Implicit in my arguments about the state and its institutions is the notion

that they operate within a mostly global neoliberal context. Neoliberalism has significantly influenced the ways in which states operate. A neoliberal agenda biases state policy and operations to (de Dios et al. 2003):

- The liberalisation and deregulation of economic transactions, especially across global borders;
- The privatisation of state-owned enterprises and state-provided services; and
- Constructing public welfare spending as a cost of international production as opposed to a source of domestic demand.

Advocates of the neoliberal state see state intervention, as epitomised by the National Welfare State,[2] as an antithesis to the type of intervention it advocates. The neoliberal state intervenes as a means to practise new forms of governance that are more in line with the market-led globalising economy (Golding, 1992). National states' governance of seafaring labour markets involves the creation of state institutions at various scales. In theory, the purpose of these institutions is to ensure the effective functioning of their national seafaring labour markets. These institutions may also promote their national workers by promoting supply side competitiveness, as Jessop (2002b) suggests, particularly at a global level, though not restricted to it. The state in essence transfers its capacities to these institutions. A key feature of these institutions is a focus on forming strategic partnerships with various stakeholders. For state-sponsored seafaring institutions, these may include partnerships with trade unions, shipping companies, providers of seafarers' training and education, and global seafaring regulatory bodies such as the International Maritime Organisation (IMO). As Williamson (2000) and Jessop (2002b) note, an irony of the neoliberal project is the practice of more state intervention in the hope of balancing 'economic and social policy so that the neoliberal world market can function more effectively' (Jessop 2002b: 454). There are three reasons why I consider a discussion on the role of state institutions to be important. First, capitalism and the capital-labour relationship on which it is built cannot be reproduced purely through market relations. Both, according to Jessop (2002a: 11), require 'supplementary modes of reproduction, regulation and governance – including those provided in part through the operation of the state'.

Second, Jessop (2002a: 11) contends that since labour power is essentially a fictitious commodity, it cannot be reproduced only through the wage form and labour market. It requires a range of nonmarket agents such as state institutions to contribute to the functioning of capitalism and capitalist markets. As capitalism develops, different organisations and institutions emerge that communicate and represent its particular moment of contradiction and crisis. In terms of the development of transnational neoliberal capitalism and the transformation of the seafaring labour market, some of these organisations are global in scope, such as the International Maritime Organisation (IMO), the International Labour Organisation (ILO), the International Transport Federation (ITF) and the International Shipping Federation (ISF). On a more national level, state seafaring institutions have developed to express this particular moment of transformation of seafaring labour markets within a transnational capitalist economy.

Third, to borrow from Hollingsworth and Boyer (1997), the idea of conflating the state to protecting market-related interests is problematic. This may happen, but the state engages in a range of nonmarket-related activities. Capitalism is not a thing, but instead, as Marx claimed, it is a social relation (2008/1848). Its social relations are with non- and extra-economic systems. It is the relationship between the capitalist system and other systems that is at the root of capital's tensions and instability. It is in producing this tension that the possibility for actions by state institutions and organised labour to influence the organisation of capital occur. Without the political input of states, capitalist accumulation is not possible.

In summary, the capitalist state in its various forms influences and shapes the various processes of globalisation, even though some may be more active in this process than others (for example, the labour-broking activities of the Filipino state). Their activities in this shaping include promoting deregulation, reregulation, liberalisation, influencing the way in which finance capital is organised and promoting the uneven development of a range of markets, including labour markets. So I borrow from Jessop's (2004: 486) critique of interpreting the state as a blunt apparatus of class power or as a 'unified rational subject' as Harvey (1978) does. I concur with the above theorists as well as more contemporary work (see Agnew 2014) that to understand the state's role in shaping the labour market for seafarers we must examine the institutional forms that the state takes, and how these institutions articulate their power and relationships with various seafaring stakeholders. Capitalism's moments of crisis create different organisations and state (amongst other) institutions that communicate and represent its particular moment of contradiction and crisis. This makes possible an exploration of institutions of the state and the ways they contribute to influencing the reproduction and regulation of capital accumulation, which includes the regulation and transformation of labour markets.

The Philippine Overseas Employment Agency (POEA): Producing and managing global labour markets

This section provides an example of an agency that is perhaps the quintessential example of how states can be purveyors of globalisation whilst also managing globalising processes. The central state institution that manages the Philippine country's labour migration system is the POEA. The POEA is instrumental in researching and developing overseas labour markets for Filipino workers. The agency is an outcome of a larger Philippine state project to export Filipino labour into global labour markets. It is through a state labour export policy of both land-based and sea-based workers that the Philippine state, through the POEA, has managed to influence the nature of a range of global labour markets for its citizens. Filipinos have a significant presence in the global labour market for domestic workers, nurses and, for purposes of this book, seafarers. The agency's ambition for seafarers is to ensure that the comparative advantage and competitive edge of Filipino seafarers over other nationalities, continues.

The agency recognises that there is a need globally for what Rodriguez (2005: 2) refers to as 'gendered and racialised flexible labourers'. For example, in Chapters 2 and 3, it was noted that shipping capital prefers to hire seafarers of specific nationalities, and even for specific job rankings on ships. Most ratings are employed from developing countries, and there is a clear preference for officers from Europe. Whilst merchant shipping is dominated by male seafarers, cruise shipping is dominated by female seafarers who are viewed as more 'suitable' for the leisure industry. Female seafarers on cruise ships are predominantly hired from developing countries, thus gender intersects with race and nationality in that shipping sector in much the same way as it does in the merchant navy for male seafarers. Certain nationalities are perceived by shipowners as providing more value for money due to perceived characteristics such as obedience, passivity and ability to integrate. In response to this need by global capital, the Philippine state, for a range of economic and political reasons, has situated itself (however problematically) to be a global labour broker of flexible workers. As Rodriguez (2005: 2) asserts:

> The Philippine state has transformed the surplus labor of its citizens into a kind of 'comparative advantage'. The Philippine state has become a 'labor brokering state' that produces, distributes and regulates Philippine citizen-workers globally as a developmental strategy.[3]

It is precisely through a recognition of the needs of the global labour market for a certain type of worker that the POEA has impacted on the way the labour market has restructured for seafarers. It engages in the following strategies to ensure the comparative edge of its seafarer citizens in the labour market. First, the agency is in constant dialogue with global employers (these include shipping companies, ship management companies and the International Shipping Federation) of Filipino seafarers as a means of monitoring any issues that shipowners may raise about seafarers who are supplied via the POEA. Second, the agency explores, through a research function, the possibility of securing new employment opportunities for its seafarers. These opportunities could arise when shipping companies are unhappy with existing crews of other nationalities, or when shipping companies expand their operations and are looking to hire skilled but affordable crews. Part of this monitoring includes scanning for the rise of possible competition from other nationalities for jobs and markets already secured by Filipino workers. The POEA with its sophisticated network that connects it to the global shipping industry always has, to use a colloquialism, its ear to the ground for potential employment opportunities and threats to employment opportunities for its seafarers. By constant monitoring, it is able to circumvent these threats.[4] Third, the agency enjoys a close working relationship, however problematic, with the largest Filipino seafaring trade union, the Associated Maritime Officers and Seafarers Union of the Philippines (AMOSUP). Through a partnership with the union, the agency endorses and legitimises the union's labour brokering and 'hiring hall' practices by considering it an official partner in the marketing and employment of seafarers. As part of this function, seafarers have to be officially certified and processed by the POEA before they can be legitimately employed. This bureaucratic process of certification also ensures that seafarers' remittances are channelled back to the Philippines with a portion going back to the state. It is through

this close working relationship with AMOSUP towards a common goal of employment and maintenance of competitive edge over other nationalities, that the agency is instrumental in ensuring the significant presence of Filipino seafarers in the global labour market. Fourth, the agency provides a set of skills training for its seafaring workforce that extends beyond maritime sailing skills. Crudely put, these skills socialise seafarers into the demands of the global labour market. The training includes lessons on how to be an obedient worker in the shipping industry because obedience is equated with being a patriotic Filipino. The Filipinos' Catholic religious heritage (making Filipino seamen quicker to integrate into Western Christian cultures on board vessels) and English-speaking ability (which translates into an ability to follow instructions competently) is aggressively marketed by the POEA. To date, this has ensured that Filipinos maintain their employment advantage in the industry over other nationalities, particularly other nationalities from Southeast Asia. This type of socialisation into the global labour market has further ensured the POEA's ability to maintain a competitive edge over other 'less obedient' nationalities.

The POEA as an agency of the Philippine state is instrumental in sourcing new labour markets for seafarers, securing and monitoring these markets, as well as for providing a bureaucratic function in processing seafarers to ensure that the state is able to monitor them and their remittances. These remittances are essential to the country's revenue. To reiterate, the agency is an example of how states can be purveyors of globalisation whilst also managing globalising processes.

To summarise, what began as a temporary solution in the 1970s became a permanent fixture post the Marcos administration and has defined the Philippine state as an outsourced state, an antidevelopment state and a service state (Bello 2005). Walden Bello's (2005: 9) observation and analysis of the Philippine economy characterised it as 'the political economy of permanent crises'. The state and its institutions are firmly committed to ensuring the marketability and competitive edge of Filipino seafarers in the newly structured global labour market. A POEA official in Manila, 2013 said that this is an active policy of the state:

> In 2002, institutional and individual awards were given during the International Employers Awards rites, the first under the Gloria Arroyo administration. Most awardees were from the maritime industry. It was a long overdue recognition of the contribution of seafarers to employment generation. Seafarers are already well known for their skills, there is very little that government should do to push their marketing. All government has to do is to ensure that seafarers do not lose in the sale of their skills. The Philippines is already a household name when it comes to the manning industry. Government must help enhance the potential and welfare of seafarers. In terms of their contract, their retirement benefits must be included, we must also improve their skills due to our desire to cope with the changes in technology compared with the other nationalities; Filipinos also possess dynamic personalities – they can easily adapt to other cultures. But our foremost advantage is our fluency in the English language and our ability to adapt to other languages.

FIGURE 6.1 *Growth of land- and sea-based migrant workers since 1987*

Source: POEA 2014

The graph in Figure 6.1 illustrates the growth in Filipino migrant workers. These are the official figures of workers who went through the official state channels. The actual numbers of Filipino workers are much higher than the official figures suggest, as is the amount of money remitted since hundreds of thousands of workers are undocumented. The official statistics provided by the Philippines Central Bank indicate that in 2014, US$24.3 billion of remittances were sent to the Philippines by its overseas labour force. Seafarers alone contribute up to US$5.5 billion in 2014 ('Remittances from Pinoy sailors' 2014[5]). The *Financial Times* in 2015[6] indicated that remittances will increase by a billion dollars by 2016 despite recessionary conditions in global labour markets.

Maritime National Authority (MARINA)

Most importantly for purposes of this book, the Maritime National Authority (MARINA), established in 1974, is responsible for maintaining a reservoir of Filipino seafaring labour. MARINA therefore has a direct influence on the global structure of the labour market for seafarers by maintaining a steady supply of certified Filipino seafarers into the market. Whilst the POEA is responsible for both land- and sea-based workers, this agency is responsible for the exclusive regulation and monitoring of maritime workers, including seafarers. With the surge in the number of Filipino seafarers employed globally from the early 1970s, the Philippine state established MARINA in 1974.

This maintenance of a reservoir of seafaring labour translates into some very specific functions, as my 2013 interview revealed. First, the agency must ensure continued Filipino crewing dominance and competitive edge in overseas shipping (both merchant marine and cruise sectors). This is done by ensuring that Filipino seafarers are well trained, qualified and competent by being compliant with global training requirements such as the Standard of Training Certification and Watchkeeping (STCW) 95.[7] The MARINA official I interviewed was also quick to point out that MARINA coordinates the maintenance of a seafaring labour reservoir for the global labour market with a range of other state agencies: 'Well we are not the only agency that we say should be credited with this. There are so many agencies like the POEA, the Maritime Training Council … '

Second, MARINA, like the POEA, is committed to developing strategies to ensure that the seafaring labour market continues to be one in which Filipinos enjoy a prosperous niche. The agency has to monitor the possible threat posed by other emerging seafaring nationalities in a competitive global labour market. My interviewee expressed his concerns as follows:

> I would like to think that we are optimistic that we will maintain our preeminence in the manning of overseas vessels despite competitions from Eastern Europe, China for instance, India, but again our goal to counteract this competition from other emerging labor-supplying countries is to give our seafarers better training, better training and all that and to make them competitive, that is the only way, to train them. Otherwise, if they work so sloppily and not within the current demands – seafaring is very demanding right now – you have to compete up to the last cent, so to speak. We have the comparative edge in terms of skill and language. We are not the cheapest though. How long will that comparative edge last, I do not know but maybe it will take several decades for our friendly neighbours to catch up with us when it comes to seafaring.[8]

MARINA clearly has a daunting function. The agency requires a sophisticated understanding of globalising processes and their potential impacts on seafaring labour and labour markets in order to develop labour policies. An ever-constant monitoring of potential seafaring competitors within and without the Southeast Asian region is central to its success. The agency must be proactive by knowing how to interpret global employment opportunities and service the needs of global shipping capital, as well as manage the effects of changes in a sometimes temperamental global labour market. Whilst my interviewee emphasises continued high quality of training of seafarers as a strategy to ensure their continued success in the global labour market, the role of monitoring and implementing training falls exclusively to the Maritime Training Council (MTC).

Maritime Training Council (MTC)

Global employers of seafarers demand qualified and competent workers. This is the initial criteria for employment. If a country or institution is to have any impact on the labour market for seafarers, it must ensure the credibility of its seafarers' qualifications. Given the vast range of potential national labour markets to source from, employers need a level of confidence

that the country they are employing from offers legitimately qualified seafarers. Countries with well-regulated maritime training systems offer a level of confidence to employers of seafarers, and employers are more inclined to employ seafarers from these countries.

The recognition of the importance of skilled and qualified employees to employers was the main impetus for its establishment of the MTC in 1984. On a global level, the International Maritime Organisation (IMO) mandated all seafarers in the global labour market be Standards of Training Certification and Watchkeeping Compliant (STCW) 1978 compliant in order to be employed on ships. The STCW 1978 convention was aimed at regulating the global training standards of seafarers to ensure both their quality as well as safety of the operation of merchant vessels. Countries that did not meet the STCW requirements and deadlines would find themselves removed from the global labour hiring pool, and be placed on a blacklist. Countries that met the IMO requirements and deadlines would be placed on a white list. In this respect, the Philippines acceded to the 1978 STCW Convention in January, 1984. A consequence of this was the obligation to create a body that would be responsible in giving full and complete effect to the convention.

According to the Administrative Officer of the MTC in Manila, 'the role of MTC in promoting the global employment of the Filipino seafarers is rather indirect.' The MTC simply ensures that the Philippines is continuously included on the IMO white list so that the universal acceptability of certificates of competency for seafarers issued by the Philippine government is maintained. The 1995 revision to the STCW specifies that only certificates of competency issued by countries included on the IMO white list shall be accepted and recognised for service on board seagoing ships. The MTC, by spearheading the Philippine compliance of the original STCW Convention, was found by the Maritime Safety Committee (MSC) of the IMO to have fully and completely given effect to the STCW. Thus the Philippines was included in the list of complying parties on the white-listed countries. This was crucial for the continued viability and growth of Filipino employment in the merchant marine. As a consultant for the MTC Manila mentioned in my 2004 interview with him:

> Yes, one should be in the white list, which means that the seafarers who are nationals of the member country are complying with the requirements of training, of competence, certification of watchkeeping. The Convention is prescribing that all seafarers are supposed to be competent in basic safety – when they're aboard tankers they are supposed to have a tanker's certificate. It is necessary that you are certified by the government as competent. That is the role of the MTC: to assure that everybody is certified and given the proper endorsement by the government.

The MTC is purely focused on training and quality control of mariners who work in a global environment by ensuring monitoring and regulation of national training centres. The agency works closely with a range of attached Department of Labour and Employment (DOLE) agencies to ensure the training development, marketing and employment of their seafarer workforce. Given the global regulation of seafaring qualifications, the MTC ensures that its supply of seafarers is always compliant with changing global demands of the training and

certification of seafarers. It also further ensures that training schools that offer maritime qualifications are suitably monitored and inspected, therefore giving added confidence to the employers of Filipino seafarers.

The discussion of these three labour market institutions of the Philippines has demonstrated that the unique historical, social and economically contingent processes that inform the nature and conditions of the Philippines as a place have influenced the strategies that these institutions employ to service their national seafarers, thereby impacting in certain ways on the global labour market for seafarers. The Philippine government is concerned mainly with the generation of competitive edge for its seafarers so that they enjoy a privileged position in the global labour market.[9] It has, as a consequence, established the agencies discussed to enact this mandate.

South Africa: Managing local labour markets

South African state institutions that service seafarers, since 2002, have had a growing impact on the restructuring of the labour market for South African seafarers, both nationally and especially globally. The South African case reveals a two-pronged strategy. The first is a focus in dealing with racial transformation of the national labour market for seafarers. Racial equity and transformation of the national seafaring labour market are key goals of the postapartheid state. The second is a more ambitious concerted effort to engage in job creation strategies to export South African mariners into a global market. Subsequent strategies of state agencies are shaped to achieving these aims.[10]

Training and education pathways for officers and ratings

Seafarers at both the officer and ratings level require tertiary-level training and qualifications. For officers, the path to qualification consists of obtaining a bachelor's degree plus relevant experiential training before he or she can qualify and be employed. Typically, the more advanced and complex the qualification, the more time required to be invested in the qualification. The two most common career paths at the officer level are for navigation officers and marine engineers. Both these career paths require a matric pass, with 60% for maths and physics. Once the formal qualification is achieved, the cadet has to secure a further 12 to 24 months of sea time or experiential training on board an appropriate vessel before being issued the qualification. The entire process can take between three and four years if sea time is secured immediately after the academic qualification. This training can only take place at training institutions globally certified by the International Maritime Organisation. In South Africa, only two exist that can offer officer training. These are the Durban University of Technology (DUT) and the Cape Peninsula University of Technology (CPUT). If one wants to study beyond these levels and become a master officer, for example, then further tertiary study is required, usually at an honours level.

The number of school leavers who qualify and are interested in becoming officers is small, both nationally and globally. This is compounded by the fact that in 2015, in Africa as a continent, only 15 countries are on the IMO's white list of accredited institutions to train officers

or a global labour market (http://www.stcwonline.com/stcw/stcw-the-white-list). Given the global shortage of officers, South African officers are in demand, and command salaries that are commensurate with officers from other nationalities. Officers tend not be unionised in the same way as ratings as they are considered highly skilled professionals in the same way as doctors or accountants are considered professionals. Officers, therefore, like any other scarce skill profession, have been able to secure a high wage rate due to the supply and demand nature of their particular labour market.

For ratings on the other hand, the situation is murkier. Rating training is also globally regulated but does not have the same stringent academic entry requirements as those for officers. Prospective ratings do not require a matric and can train at a limited number of accredited ratings training centres in the country. The main ratings training centres are Unicorn Training in Durban, CPUT in Cape Town and Transnet. Ratings obtain a certificate qualification as opposed to a diploma or degree qualification that officers receive. However, they still have to comply with the sea time or training berth requirement. Given the shortage of training berths, the path to final qualification is long. There is a global oversupply of ratings, and tendency would be for shipping companies to pay ratings low wages. However, ratings' wages are governed globally with interventions from the International Transport Federation (ITF). The ITF in conjunction with employers has managed to prevent a race to the bottom in terms of working conditions and wages for ratings despite their oversupply and semiskilled status. One tendency has been for national unions like those in the Philippines and India to not comply with these ITF rates and supply their national ratings at cheaper rates to secure a place in the labour market. SATAWU, which represents South African ratings globally, is reluctant to pay less than the ITF-mandated wages even if paying less than this wage may result in employing more South Africans on ships. This may be a way of securing a labour aristocracy, or could also be interpreted as a strategy of global labour solidarity.

Local and global strategies

Social partnership is the most apt way to describe the strategies of the South African government (through its agencies) in achieving national goals of racial equity in the labour market for seafarers. By social partnership, I draw on Gostner and Edigheji's (2000: 84) definition of it as 'processes and institutions which facilitate the participation of social partners in socio-economic policy processes'. This definition allows for the entire spectrum of social partnerships that occur in South Africa be they bipartite, tripartite or even quadripartite. However useful social partnership may have been in negotiating the relationship amongst labour, capital and the state in postapartheid South Africa, it has been less successful when it comes to making significant and rapid inroads into growing the employment opportunities for South African seafarers globally. It has proved to be a parochial and intensely localised approach targeted at national issues of achieving racial equity in occupational ranks of seafarers.

There has been increasing recognition by relevant state agencies that national priorities have to operate concomitantly with the goal of securing South African seafarer employment in a global labour market. The following sections show the rationale behind South Africa's twin strategic approaches to achieve both racial equity and access to global labour markets for its seafarers.

Transport Education and Training Authority (TETA) and SAMSA

The TETA has attempted to influence the seafaring labour market for South African seafarers in three ways. First, is the push to increase the number of South African ratings and officers trained, second, is the campaign for the implementation of a South African tonnage tax system that may result in the employment of more South African seafarers globally. A tonnage tax system is seen to be more attractive to shipowners due to lower fiscal costs. The assumption is that shipowners may find the South African ship register more attractive and begin to flag their ships to this register. The state could then require ships on a South African national register to hire a quota of South African seafarers in return for favourable fiscal conditions. Third, is the concern with addressing racial equity amongst seafarers with a push for black African ratings' skills to be upgraded to officer skills. These three tasks of the TETA are intertwined.

A primary reason for the dearth of South African seafarers in the global labour market is that there are not sufficient training berths for seafarers and especially ratings to complete their mandatory 12-month sea time. Sea time has to be spent on an oceangoing vessel once the academic part of the training is complete. It is a form of internship or practicum. Without sea time, a seafarer cannot work as a qualified sailor and hence, cannot be employed. Private shipping companies such as Unicorn have limited training berths available and due to the lack of ships registered in South Africa, there are few alternatives to provide more training berths. This is an issue of capacity that was identified in a 2002 TETA report. In 2002, the TETA commissioned a report (Bonnin et al 2003) in which I participated, and assisted significantly in the fieldwork. The report published in 2003 was on the impediments to the employment of South African seafarers in the merchant navy. The report, entitled *Training Berth Availability for South African ratings,* identified many of the challenges facing the employment, training and development of South African seafarers. Broadly speaking, these were the lack of a significant South African ships register and hence lack of adequate training berths, perceptions of racism in the South African shipping industry, and racial skewness in rating and officer composition of seafarers (Bonnin et al. 2003). The report (Bonnin et al, 2003: 73–74) concluded that

> there are no magic solutions to the crisis of training berth availability. The way forward requires the involvement and co-ordination of many different stakeholders, it requires innovative and creative thinking. In particular, Government needs to become more proactive in the maritime sector. But most importantly it requires a wholehearted commitment to resolving the problem and the need to put the solution above individual interests.

If there was to be any prospect for job creation for South African seafarers, and therefore any significant presence of South African seafarers in the global labour market, the TETA had to make serious recommendations to the Department of Transport and to the Treasury about introducing legislation that would facilitate more ships committing to the South African register, thus increasing the possibility of more training berth availability for seafarers to complete their sea time. In 2003, as a response to the report, the TETA's Maritime Chamber

formed a TETA Training Berth Task Team to reflect on, investigate and suggest solutions to the claims made in the 2002 report. Finally, in 2003 and 2004, the TETA produced a series of reports that responded to the call for great proactivity and creativity in creating jobs for South African seafarers in the global labour market. The most significant of these was the 2004 report by Thulani Dlamini, *Progress with the TETA Initiative on the South African Shipping Environment*. This report made a series of observations and recommendations to address the employment, training and development of South African seafarers. Amongst the suggestions made by the report was an unequivocal call for change to the fiscal legislation governing South African shipping. The report counselled the state to move to a tonnage tax scheme that would have a training incentive built in, similar to that of the current British scheme. The state's introduction of a tonnage tax scheme must be intertwined with a strategy to develop a national fleet. This means a development of a maritime presence in terms of South African crews, flagging and beneficial ownership similar to that in the Netherlands and the United Kingdom. The state would benefit from increased fiscal revenues that can be channelled into seafarers' training and job creation strategies. The report makes some further points about the training of seafarers that include a commitment by shipping companies registering for tonnage tax to fill a prescribed number of training berths on board their ships.

A company registering for tonnage tax should be committed to training and to filling a certain number of training berths on board their ships. The twin tax and training schemes should, in principle, be based on the Support for Maritime Training (SMarT) system in the United Kingdom. Central to the funding strategies for training would be an emphasis on achieving racial equity in a traditional racially divisive industry. The report contends that

> the scheme would be funded from the income from the skills levies (as promulgated in the Skill Levies Act of 1998) and be administered by TETA in line with the existing funding regulations and disbursement practices. In the case of supernumerary cadets, funding could be accessed from the National Skills Fund, depending on the needs as determined by the minimum training requirements for ships under the tonnage tax scheme. This would link with the National Skills Authority's vision in pursuance of job creation. Specific guidelines would need to be developed for these bursaries and these guidelines should be developed to prioritise previously disadvantaged individuals in pursuance of the goals of the broader socio-economic environment. (Dlamini 2005: 15)

The outcome of the TETA's recommendation has only recently borne fruit. In 2013, a new shipping fiscal scheme was implemented. The Taxation Laws Amendment Bill, 2013, abandons previous discussions and recommendations of tonnage tax and provides an exemption of tax (income, capital gains, dividend tax) for shipowners choosing to register their ships on the South African flag (http://www.treasury.gov.za/legislation/bills/2013/bills2013_bill39-2013.pdf). A decade of discussions, reports and recommendations have finally resulted in a radical approach to the ship ownership and flagging issue in South Africa. Therefore, any assessment of the impact the new fiscal policy would have on increasing the training and employment opportunities of South African seafarers remains to be seen. In 2015, there were no new ships on the national register, for example, as a consequence of these new promulgations.

The TETA works closely with the South African Maritime Safety Authority (SAMSA) in achieving maritime training goals. In terms of its impact on labour markets, an important function of SAMSA is to ensure that the skills and employment equity acts are impacting on the maritime industry in South Africa. To this end, it has a transformation committee to deal with issues of equity and skills development within SAMSA. When asked to expand on what this function entails, a SAMSA official revealed that apart from the monitoring of seafarers' qualifications, SAMSA is also committed to achieving transformation and equity amongst South African seafarers by identifying skill shortages, communicating these to the TETA and then implementing any 'corrective' programmes to address these skill shortages in terms of training of new seafarers. These trainee seafarers must as far as possible be from previously disadvantaged groups. As far back as 2007, the agency was committed to achieving racial and gender equity in the industry. The agency official pointed out:

> For us and the TETA the issue is now one of internal transformation. Before we can start marketing our seafarers like India or the Philippines, we have to get our internal dynamic right. For us this means achieving equity. This was a very divided industry. There were no black officers. If you were Indian, coloured or African, you were a rating. No argument. If you were a woman, you couldn't work on ships. So for us, we now need to sort this out. Since 1994, the new dispensation has made this possible through agencies like the TETA and SAMSA. So let's get our house in order at home before we can service the world. (TETA Agency Official, 2007, Cape Town)

After a less than successful transformation campaign in 2001, SAMSA has reflected on the failings of that initial equity campaign and consolidated a new one. Since 2005, there have been more structured attempts by the TETA and SAMSA in achieving equity and employment for South African seafarers. Both organisations have teamed up with the National Ports Authority to restructure their training and selection programmes for seafarers. One strategy has been to focus more on ratings training for coastal shipping and port needs, which the country seems to need the most as opposed to training for merchant shipping in the global market. In 2014, the racial profile of seafarers has altered substantially due to these interventions. There has also been an emphasis on addressing issues of gender equity in the profession.

SAMSA

There has been a firming of the commitment of the state to the training and development of seafarers from 2010, specifically. This has been spearheaded by SAMSA through a three-prong strategy that consists of training investments, incentivising a national ship registry to woo shipowners to register in SA and an assertive public relations campaign to raise awareness levels of young people of careers at sea. In other words, the political will exists.

The State and training and development

SAMSA and the Department of Transport recognise the need for major investments of financial and human resources into the training and development of officers. To this end, it obtained and refitted a dedicated training vessel, the SA Agulhas (a former South African

Antarctica research vessel) in 2012 to provide training berths for cadets that require their sea time. The Agulhas Project, as it has become known, has been very successful despite the obvious logistical constraints of it only being able to accommodate 50 cadets at a time. The success operates at the levels of being able to offer training berths and also contributes to generating public awareness about maritime careers and culture. The SA Agulhas is extensively featured in the national media and often sails to Durban and Cape Town to publicise SAMSA career summits.

In lieu of a national fleet and cabotage, the state, since 2008, has funded a cadet training programme through the South African Maritime Training Academy (SAMTRA). SAMTRA is a nonprofit organisation funded by the state to source training berths from the global shipping industry for South African cadets. In addition, it provides simulator training for cadets. SAMTRA then bears the costs of the training of cadets (except for victuals and on-board incidentals), and SAMTRA also administers the training of cadets on the SA Agulhas. Since the inception of the National Cadetship Programme (NCP) in 2011, using the SA Agulhas as well as training berths secured elsewhere, a total of 414 cadets have been trained (Maritime Skill Sector Report, 2014). Ninety per cent of these cadets have been placed in employment on ships but it is unclear as to how long their contracts are, and whether these are sustainable jobs or not.

Reputation and employee of choice

Reports from foreign shipowners to SAMTRA suggest that they are deeply impressed with the quality and work ethic of South African seafarers. Historically, from the 1970s to the early 1990s, South African officers enjoyed an excellent reputation amongst shipping companies (Ruggunan 2005). However, this reputational memory or branding was dwindling concomitantly with the decline in the production and employment of new officers. This reputational branding and the drive to make South African seafarers employees of choice, is viewed as a long-term project by SAMTRA and initial reports from foreign shipping companies are encouraging. SAMTRA contends that foreign shipowners should employ SA cadets for the following reasons (SAMTRA n.d.: 2):

- South Africa is on the IMO white list, and qualifications are fully STCW compliant.
- South African Certificates of Competency are recognised by UK, Australian, Danish, Belgian and other respectable maritime authorities.
- The English language is generally spoken – higher education and nautical colleges conduct education in English.
- Work ethic – South Africans are generally regarded as having a sense of responsibility and a good work ethic with a culture of 'making a plan' when required.
- A convenient time-zone alignment with Europe – GMT +2 – that enables easier communications.

In addition, the training provided by both DUT and CPUT is globally recognised as quality training, and the problems of fraudulent certification described by Bloor and Sampson (2009), for example, have not materialised in South Africa. De Silva et al.'s work (2011) on

seafarer officer retention demonstrates that employee branding is crucial in their discussion of the employer-of-choice model. The South African case demonstrates that an employee-of-choice model is equally as important as a determinant of retention in the merchant navy.

Africa-wide cabotage system

A discussion on a compulsory cabotage system has always cropped up in maritime labour policy circles and this continues presently. The argument is that a move towards a compulsory cabotage system is a means of securing training berths for seafarers. However as Terry Hutson argues (Hutson 2012a: 4), 'there is insufficient cargo being moved between South African ports to warrant having such laws in place, so they would be counterproductive'. Most cargo in South Africa is moved through road and rail infrastructure, even between coastal cities. The state needs to be cautious about creating or funding a national fleet or enacting cabotage laws because it is unlikely to impact significantly on current terrestrial transport of cargo (Hutson 2012a; SANDOT 2011). Cabotage with a link to training and employment of national seafarers already exists in many South American countries including Brazil, and is being proposed as a solution to the lack of training berth availability in Australia (Ruggunan et al, 2014). The United Kingdom SMarT scheme offers a hybridised system of cabotage, where companies are incentivised rather than compelled to employ and train UK seafarers. Participants also suggested that greater solidarity is needed amongst the various maritime authorities on the African continent to ensure an Africa-wide system of cabotage with links to training berths and employment. Over 46 countries have some form of cabotage system in place (Ghosh & Bowles 2013). In Africa, Nigeria was the first country to promulgate a cabotage act in May 2004, but it has met with limited success. Poor administration, corruption, a lack of sufficient national coastal vessels, lack of political will and piracy have all contributed to the failure of the Cabotage Act in Nigeria (Ajiye 2013).

SAMSA proposed an intra-African form of cabotage in 2014 that would involve the movement of cargo along the African coastline (Maritime Sector Skills Development Report, 2014). Whilst this may be a better solution than an exclusively South African cabotage system, it does suggest an enormous level of logistical and political support is required from Southern African countries, particularly the Southern African Development Community (SADC). The 2014 Maritime Sector Skills Development report lists cabotage as policy that needs to be pursued.

The problem of lack of ship ownership in Africa as an impediment to maritime growth has had a limited presence in the literature (Iheduru 1993) and it seems that the problems highlighted in 1992 continue to persist throughout the continent more than a decade later. However as participants in various recent maritime conferences in 2014 and 2015 (African Maritime Domain Conference, 2014; International Association of Maritime Universities, 2014; International Maritime Lecturers Association Conference, 2015) pointed out, Africa is a vast and heterogonous continent politically and economically, and the idea of solidarity on African shipping cannot be romanticised.

Conclusion

The two cases discussed in this chapter demonstrate that the ways in which state institutions have chosen to service their national seafarers have influenced the nature of the global labour market for seafarers. States have responded in unique ways to global changes in the shipping industry, the strategies of the state institutions all informed by their own social, political and economic contexts such as Marcos's regime in the Philippines and apartheid in South Africa coupled with South African maritime capital flight.

Endnotes

1. This power container may consist of a state's industrial districts, global cities and regional or national capitalisms.
2. The welfare state has its roots in Western Europe. It can be understood as the state's intervention in reducing inequality of its citizens by increasing living standards. The state would therefore provide citizens support in terms of health care, education, unemployment benefits, housing and other social services.
3. Whilst Rodriguez sees labour export policy as developmental, Filipino academics such as Talampas (2014) refer to it as 'an outsourced state' whilst for Bello (2005) the Philippine state is what he terms an anti-development state, citing its labour export policy as contributing to this antidevelopment status. Suffice to say that the transformation of the Philippine labour market was part of a threefold broader state policy of the Marcos regime during the 1970s and 1980s. The first tier of this policy centred on land reform issues, the second focused on gearing the Philippines to a more export-orientated growth path and the third tier focused on creating a coordinated labour export policy initiative. This third tier was only supposed to be a temporary initiative.
4. In 2004 and again in 2013, interviews with Filipino crewing agencies and POEA officials revealed a growing concern that Chinese seafarers pose a significant threat to Filipino dominance of the global seafaring market. The agency has since launched a major research initiative to explore the veracity of such a threat, and has worked on a campaign to reposition Filipino seafarers in the global labour market. The feared dominance of the seafaring labour markets had not occurred by 2015, mostly because the national Chinese fleet absorbs most of the Chinese seafarer population. Further, given that English is the lingua franca of most global shipping companies, employers prefer Filipinos who have a strong command of English relative to their Chinese counterparts. The POEA remains cognisant that Filipinos could lose their dominant foothold of the global labour market for seafarers, and is now exploring (post 2013) marketing its seafarers along a quality dimension as opposed to its previous strategy of marketing Filipino seamen as cheap, flexible and passive labour.
5. Remittances from Pinoy sailors seen hitting $5.5B this year. *GMA News Online,* 29 August 2014. Accessed August 2015, http://www.gmanetwork.com/news/story/376924/money/remittances-from-pinoy-sailors-seen-hitting-5-5b-this-year
6. Financial Times (2015) Philippine Remittances: Under Threat. Accessed August 2015, http://www.ft.com/intl/cms/s/3/17eaf74a-2faf-11e5-91ac-a5e17d9b4cff.html#axzz3kfoT7Me4
7. Other functions of MARINA that emerged from the interview are:
   - Maintaining domestic shipping: Developing a modernised domestic merchant fleet that is safe, efficient and competitive in servicing the country's economic and development needs.
   - Overseas shipping: Developing an oceangoing fleet owned and managed by Filipinos, and actively servicing the transport requirements of the country's foreign trade.
   - Shipbuilding and ship repair industry: Developing this industry to adequately cater for the requirements of the Philippine merchant fleet and evolving into a competitive source for new buildings in the East Asian region.
   - Ensuring safety in the maritime industry.
8. Interview, MARINA Official, Manila, Philippines: February 2004. This view has not altered as indicated by follow-up interviews with MARINA officials in 2013.
9. At a national level, this serves to reduce unemployment levels and reduces the possibility of citizens being mobilised against government because of high national unemployment levels.
10. Apartheid was successful in fragmenting the training and development of South African seafarers along racialised lines. The South African shipping industry has a history of not wanting to be burdened with training costs for ratings, or with equity programmes (Kujawa 1996). Unicorn Shipping however did establish the Unicorn Training Centre (UTC) in 1978 to train African ratings for its company needs as well as for other South African companies. The training provided by the UTC was, and continues to be, limited to the needs of the local industry. The training of ratings in particular has also been very limited since the 1980s, since most of those employed rarely leave their jobs until it becomes mandatory to retire. The findings of this study confirm Kujawa's (1996) findings that shipping companies are reluctant to fund the training of ratings and even officers.

CHAPTER 7

The Kraken released: Reflections on global capital, labour and the state

In the 2010 film, *Clash of the Titans*, which is loosely based on the Greek myth of Perseus, there is a scene where Zeus utters one of the defining lines of the film: 'Release the Kraken!' The line went viral on the Internet, generating thousands of memes that used the phrase. The Kraken is a behemoth multi-tentacled octopus-like sea monster that wreaks havoc on the city state of Argos. In the film, Perseus eventually kills the monster. The Kraken is, for me, an apt analogy to describe the speed, scale and intensity at which global capitalism has been unleashed onto the planet. Its reach is global, simultaneously employing multiple strategies of accumulation and causing crisis. Whilst the citizens of Argos benefited from Perseus eventually slaying the monster (in the film, at least), we have to constantly engage with the Kraken of global capitalism at the macro level (state, labour markets, capital) and the micro level (increased intensification of work in our daily lives, for example). I am not arguing against capitalism but, rather, against a particular type of capitalism that has left 99% of us in the world poorer materially, socially and psychologically. Standing (2014) calls this micro-level experience a type of existential insecurity.

We often feel during moments of despair and struggle that no one else understands, or has the experience of what we are feeling at a particular moment. I am certain that for millions of people who lost jobs, their houses, pensions, savings, livelihoods and any possibility of a dignified life as a consequence of the 2008 global financial crisis, there was a sense of this isolation. They may have felt that this was the first time such an economic tsunami of recession had ever occurred. Whilst it is true that there are many unique aspects to the 2008 global financial crisis, it is not the first time such a crisis of global capitalism has occurred and it is probably not the last we shall see of capitalism in crisis.

Eight years on, we are still in the midst of this crisis. And, there are few signs of escape from the financial quagmire anytime soon. This rupture in capitalist regulation and accumulation has forced us to reexamine the way we think about labour, states and capital itself. The general public have shown that they are more astute than given credit for by business and capital elites. This is perhaps best epitomised by the Greek referendum against further austerity measures by the troika of the International Monetary Fund, the World Bank and the European Union. Student movements globally, including the #feesmustfall movement in South Africa, demonstrate that the narrative of austerity is not being bought by all. Mining capital, post Marikana, is disinvesting and relocating after essentially waging a fatal war against its own employees. Corporate scandal after corporate scandal committed by the

financial elites (not the rank and file) continue to be exposed. Whilst the greed, corruption and moral failings that resulted in the current crisis were precipitated by financial elites, the consequences are most impactful on the non elites, the working class, the salariat (a term coined by Guy Standing (2014) to describe the decreasing number of us who work for a fixed monthly salary) and the precariat (those in insecure, temporary work).

What does shipping tell us about capitalism?

Capitalism can and does restructure specific industries in very specific ways – as evidenced by the case of merchant shipping presented in this book. Any time capital restructures, there will be impacts on the way work is organised, the ways in which labour markets are organised and the directions in which technology develops. The case of merchant shipping capital's restructuring demonstrates the global extent of such restructuring projects. In less than a decade, shipping capital had created new labour markets from which to recruit seafarers – and forced traditional supply labour markets to shrink significantly. Entire generations of seafarers lost their jobs in Western European countries, and it is possible that those skills will not be able to be reproduced into future generations. It is, therefore, imperative that South Africa continues with its plans to grow seafaring skills, especially at the officer level. Even if there is no substantial national fleet of ships, South African officers can supply the global fleet. Even during downward cycles in the shipping industry, there is still a need for officers in the global shipping fleet. The project to grow a young pool of quality merchant navy officers must be actively encouraged and supported.

The case of shipping is also instructive in that we can, to a large extent, predict capital's strategies. This means we can also be vigilant and simultaneously engage in counter strategies. So, the first thing that we can learn about capitalism from shipping is that capital is global in scope, and globalisation is often just shorthand for global capitalism. Global capitalism is not interested in fair or regulated labour markets. It seeks new sources of labour all the time. In so doing, some national labour markets are destroyed and new labour markets are created. It seems that workers of the world compete rather than unite in this paradigm. Second, new technologies often result in reducing the amount of labour required as well as in the deskilling of extant labour. The utopia for shipping capitalists is fully automated cargo ships with turnaround times at ports of a few hours only. The current 24-hour turnaround time of cargo ships in harbours has already reduced the leisure (onshore) time of seafarers significantly. This may not be far-fetched or in the realm of science fiction as ships become increasingly automated. The irony of the shipping industry is that as vessels get larger and larger, the number of crew required to work on them reduces. Yet the flipside of technology is that it can serve as a powerful tool for workers as well. It serves as an organising tool (social media), a communication tool (satellite technology, social media, cellphones) and provides a platform for solidarity amongst a global working class. It reduces the isolation of one of the loneliest professions in the world. Technology may also release us from many mundane and dangerous work tasks as well. These tasks can now be performed by automated machines. Technology can be a democratising tool, with very little capital investment needed to create new innovations (apps, for example). Uber and Airbnb are further examples of how ordinary citizens can invert the status quo of established capital businesses.

The idea that new technology always has to be ultra sophisticated is belied by the invention of the humble shipping container. This simple rectangular box captures the various processes and trajectories of globalisation. Its invention has accelerated the rate and volume at which goods are transported globally and it has, in a sense, speeded up time itself for shipping companies whilst concomitantly making seafarers time poor as their leisure time is vastly reduced. Perhaps the one lesson learned is that most new technologies under global capitalism will speed up time for us all in our working and personal lives, whilst simultaneously making us time poor. The next time you pass a shipping container on a truck or train, take a moment to reflect on all that it epitomises in terms of globalisation and capitalism.

The polycentric and global nature of shipping also reveals much about global supply chains of value and labour. At every point in the global supply chain, attempts are made to balance the tensions between cost and quality of labour, and the tension between the demands of global capital and the agency of nation states. Shipping is, perhaps, the first traditional industry to manifest these types of global supply and value chains, and it serves as a prototypical industry that is being emulated by other industries in their attempts to globalise. In a sense, shipping capital transcends conventional notions of state borders with its global supply chains of shipowners, ship managers, ship operation companies, crewing agencies, training providers and its myriad of regulatory bodies. We already see these types of global chains manifesting in extractive industries, technology industries, and clothing and apparel industries. The future of capital is global.

What does shipping tell us about labour markets?

The end of work and secure labour markets as we know them is something we are becoming increasingly familiar with. The shipping industry shows how quickly work and labour markets can be restructured, even for the highly skilled (officers). It took shipping capital less than a decade to complete this restructuring project. It resulted in the creation of just-in-time labour markets for the industry. This means that highly skilled workers need to be available on call when needed for work, which may only last between six and nine months at a time. The investment into such workers' training and education came not from employers, as was historically the case in shipping, but from seafarers and their families themselves. The burden of the cost of training was shifted from companies to individuals and their families. This happened as far back as the mid-1970s in shipping and, again, served as prototypical model for other industries ever since. The double bind, first observed by Bloor et al. (2013), in the industry of employers demanding quality seafarers just-in-time (when needed) has created a new class of what I term, an insecure professional class of workers. These are workers who have funded their own tertiary training and practical experience in their profession, yet are unable to secure full-time work. Their employment depends on the cyclical nature of the industries they serve. We already see this happening with the classical professions of medicine, law, accounting and engineering. We also see variations on this theme with zero-hour contracts, flexible work contracts, increased casualisation of labour and deregulated labour markets. This is the new normal of work and labour markets, even for the highly skilled and educated.

What does shipping tell us about global regulation of training and qualifications?

The shipping industry was the first experiment in globally regulating employee qualifications. This global regulation was essential for the industry to operate across nation state borders. Increasingly, there are moves in a range of other industries and professions to globally regulate qualifications of professionals. However, they should heed the lessons from the global shipping industry. The globally complex governance structure of the shipping industry, whereby national states have little to no control over the regulation of certification of their seafarers (Black 2008), means that certification and compliance management is often a fragmented process in which 'state actors are both regulators and [the] regulated' (Bloor et al. 2013). This also means that the 'idea' of a global STCW certification and compliance regime is more appealing as an idea than in actual practice. In a world with no political, economic and social inequities and uneven labour markets, global standards of quality certification would be relatively easy to maintain. Any attempt to globally regulate qualifications of other professions by their respective industries may be exclusionary and difficult to implement and monitor.

What does shipping tell us about organised labour?

Globally, labour unions are in decline – as is what Guy Standing terms, workers' representation 'security' (2014). There are a myriad of reasons for this but, certainly, the unleashing of global capitalism is a key to the decline. Yet the case of shipping provides a counter narrative to this, demonstrating that even against the unleashing of global capitalism, workers can organise and resist a race to the bottoms in terms of wages and working conditions. This seems an anomaly in the context of unfettered capitalist expansion. There may indeed be a Perseus of some sort who can control some of the Kraken's tentacles – if not completely slay the beast. Whilst it is true that traditional labour markets and working classes may be destroyed in some parts of the planet (for example, in the Global North in the case of shipping) by capital, it is also true that new labour markets and working classes are simultaneously created in other parts of the planet (for example, in the Global South in the case of shipping). Where new working classes are created, there are opportunities to organise workers, resist capitalist exploitation and engage in a new imagining of how labour should organise beyond the traditional trade union model.

As Beverley Silver, in her analysis of workers' movements and globalisation since 1870 argues:

> While labor has been weakened in the locations from which productive capital emigrated, new working classes have been created and strengthened in the favoured new sites of investment. (2003: 5)

So whilst labour unions may be in decline, tthere are still examples to be found that show working class power itself is not in decline, even in global industries. Globalisation need not serve as shorthand for exploitation of workers if labour finds ways of organising beyond the traditional trade union model. This means rethinking solidarity strategies with workers across

nation states to counter the mobility of capital, using new technologies to facilitate and consolidate organisation, and engaging in new types of organisational strategies – for example, the ITF unionises an entire ship and its crew regardless of the nationality of crew members or if such crew members belong to their national maritime time unions.

The post-Fordist restructuring of the shipping industry held the promise of cheap, skilled and disciplined seafarers but capital did not predict the ways in which these new forces of seafaring labour would organise and codetermine the nature of seafaring labour markets. This again resonates with Silver's work on the global automobile industry. She shows that the industry outsourced its production to new cheaper labour markets but unintentionally recreated 'militant labour movements in new locations' (Silver 2003). An important contribution, therefore, from the case presented in this book is that globalisation simultaneously creates both oppressive and emancipatory spaces for workers. Global capitalism and its restructuring processes need not be a one-way linear story of working class destruction.

What does shipping tell us about the nation state?

The death of the nation state is exaggerated. Nation states are not passive actors on the global stage of neoliberal capitalism. This is not to say that they resist global capitalism, but rather that the ways in which nation states intersect with global capital is dependent of their unique historical trajectories. For the Philippines, this means becoming a labour brokerage state that actively 'prepares, mobilises and regulates its citizens for migrant work abroad' (Rodriguez 2010). Nation states therefore produce globalisation as much as global capital does. For South Africa, there are plans for the state to counter global shipping capital by attracting ships back to the registry, growing its pool of qualified seafarers, and an ambition to engage in similar policies to the Philippines state to outsource seafaring labour. Studying state strategies shows us the different forms that global capitalism assumes when the global intersects with the local. Just as the processes of globalisation construct the state, the state constructs globalising processes – as argued by Rodriguez (2010).

Will the Kraken of global capitalism be killed, put on a leash, or left to act with impunity? Will states resist or aid global capital? Will workers compete against each other, or unite? There are no certain answers to these questions. The only certainty is that global capitalism will continue to generate more waves of change – both in and out of the maritime industry.

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About the author

Shaun Ruggunan holds a doctorate in industrial, organisational and labour studies. His work has focused on three areas: the global transformation of seafaring labour markets, the changing nature of professional work in South Africa and the need for a critical management studies approach in teaching human resources management. Ruggunan has published extensively in these areas. His work on global labour markets was path breaking and one of the first South African scholarly attempts to understand how seafaring labour markets are configured and reconfigured due to the influence of labour market institutions, including organised labour. His work has contributed to maritime policy for seafarer human resources development in South Africa. Through his work, academics outside South Africa have become aware of the empirical issues facing South African seafarers. Shaun is currently a senior lecturer in human resources management at the University of KwaZulu-Natal, Durban, where he teaches at both the undergraduate and postgraduate levels.

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